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ABSTRACT

According to Congressman Charles E. Schumer in his opening statement, the deqrease in Federal housing funds is inextricably linked to the increase in homelessness. Since 1981 the Reagan Administration has been systematically dismantling the nation's housing programs, leaving tens of thousands of low-income people homeless. In 1982 there were 1,088 homeless families in New York City; by 1987 the number had risen to 5,100. Among the witnesses at this hearing were victims of the Administration's housing policy: people who have lost their homes because of cuts in low-income programs, and people who will soon lose their homes if the present cuts continue. Other witnesses include Congressman Mario Biaggi, Mayor Edward I. Koch, and Andrew Cuomo. Prepared statements, charts, and additional information are appended. (BJV)

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EFFECT OF OUR NATION'S HOUSING POLICY ON HOMELESSNESS

HEARING

BEFORE THE

AD HOC TASK FORCE ON THE HOMELESS AND HOUSING

OF THE

COMMITTEE ON THE BUDGET HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

SECOND SESSION

JANUARY 21, 1988

Printed for the use of the Committee on the Budget

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EFFECT OF OUR NATION'S HOUSING POLICY ON HOMELESSNESS

THURSDAY, JANUARY 21, 1988

HOUSE OF REPRESENTATIVES,
AD HOC TASK FORCE ON THE HOMELESS
COMMITTEE ON THE BUDGET,
New York, NY.

The Task Force met, pursuant to notice at 10:20 a.m., in room 305C, 26 Federal Plaza, New York, NY, Hon. Charles E. Schumer (chairman of the Task Force) presiding.

Mr. SCHUMER. I would like to call this hearing of the House Budget Committee Task Force on Homelessness to order. Before I give my opening statement, let me thank the Budget Committee, Chairman Gray and the staff, for all their help in setting up the hearing and all the logistics of putting the hearing together. I would like to welcome my colleague, Congressman Bill Green also of New York, who represents the neighborhood right across the street. I represent Brooklyn.

Let me say, ladies and gentlemen, that this is one of a series of hearings we are having to make a vital link. A link that really seems to have gone unnoticed. I have been very vexed, as I have followed American politics over the last few years, for it seems that there is an increasing divergence between image and substance. We all see, hear, and feel images, and we respond to them, vitally. Yet, when it comes to the actual substance of doing and working on things, that images evoke, there seems to be a broad gap, a dichotomy. In no area is this issue more painfully apparent than in the issue of homelessness.

We know the images. We all have seen them every day here in New York and throughout the country, of people sleeping on subway grates and in subway cars. Last night a friend of mine said he passed by a Manufacturer's Hanover branch in affluent midtown Manhattan, and inside the automatic teller were 20 people huddled and sleeping. Lines outside soup kitchens, overflowing shelters, and squalid attempts to try and house people who don't have homes. That is the image. I think every American is aware of that image. Then what about the substance behind those images?

The substance of the issue that the public never sees, that the media rarely shows, is that the decrease in Federal housing funds is inextracably linked to the increase in homelessness. We work hard, people like Congressman Green and myself, my colleagues in the New York delegation and on the Budget Committee on Housing, trying to get housing built. Housing that will house homeless

people. That is substantive, that is not dramatic and we just do not hear too much about it.

The fact of the matter is, that since 1981, the Reagan Administration has been systematically dismantling the Nation's housing programs, leaving tens of thousands of low-income people out in the cold. That is why there is homelessness. That is why we are here today. There is no mystery to this misery. As the chart shows, in 1982, there were 1,088 homeless families in New York City, many with small children. That is that first red line over there. In 1987, there were 5,100 homeless families during the same period, and so you see the red line going dramatically up.

On the other hand, the amount of new housing units that HUD has allocated, dropped from 2,300, the blue line on the chart, in the last year of the Carter Administration, to a measly 325 units in 1987. 325 units from HUD in New York. 1987 was a good year, for in 1982 and 1983, there was no housing allocated.

What the Administration is doing to New York, they are doing to every city in the country. In 1979, we built a rehabilitated 600,000 units of housing in this country, this year we will build fewer than 80,000 units. It is a crime, that in 1978 housing and community development accounted for seven percent of the Federal budget, while this year it will account for only 1 percent. If we had frozen our level of housing at the beginning of this Administration, we would have 560,000 more units available than we have today. At a minimum, that would mean 1 million people would be housed, who are not housed now.

We are trying to make efforts to turn the tide. When the President wondered out loud why we were using Federal dollars to put people up in rat-infested welfare hotels rather than in permanent housing, Congressman Weiss and I, aided by many of our colleagues from the New York delegation, answered by introducing legislation, that would allow cities like New York to use emergency assistance funds for permanent housing. Today, Andrew Cuomo will testify on how he was able to build shelters and how difficult it is to build permanent housing under this Federal law. In the coming weeks, the President will be presenting his latest budget. And sadly, the attack on our Nation's poor continues. The President's budget will cut subsidized housing by another 19 percent.

The fact that the Administration has cut the budget for low-income housing is not as vivid, as a picture of a tattered man, woman, or child, sleeping on a steaming grate. If we consider only the homeless man or family, and not the reasons he is homeless, we will not solve the problem. Administration officials like to shrug off the homeless problem by saying that everyone is mentally ill, people who are deinstitutionalized. What inspired these hearings? The one we had in Washington, this one in New York, and ones we hope to have in other cities. What inspired these hearings, was the fact that during the Republican debate in Houston, Pete DuPont, the great thinker, supposedly of the party, said, "We know all about the homeless problem. They are all the people who were thrown out of the mental institutions."

Well, that's not the facts at all. Most of the homeless are people who don't have any mental disabilities, and who don't have any problems of alcoholism. Their only problem is they don't have a

place to live. The witnesses today will make that very clear. The Administration, in short, is ignoring a simple truth: You take a person's house away, he becomes homeless.

Today we will hear from some of the victims of the Administration's housing policy. People who have lost their homes because of cuts in low-income programs and from individuals who will soon lose their homes if the present cuts continue and the policies don't change. We will also hear from those on the front lines fighting homelessness. People who have witnessed the horrifying trends of the last 7 years. We will be hearing from Mayor Koch, who like mayors all over the Nation, has been left with the enormous task of dealing with the results of the Reagan agenda.

This winter, as the weather gets colder, homeless shelters will overflow again. The invisible Secretary of HUD, Samuel Pierce, will claim his department has nothing to do with housing and homelessness. The President wil' send Congress his budget, talk about compassion of his party, while he cuts housing and Americans are forced into the streets. I hope this hearing sends a message, a message of despair that resounds all the way to Washington.

I hope that the testimony we hear today wakes up Mr. Pierce and Mr. Reagan to the ugly blot on our Nation's conscience. Homeless families huddled against the cold, with a winter of misery ahead of them. Maybe this hearing and others like it will help persuade the Administration to join us as an ally in fighting homelessness, not to be an adversary.

With that, I would like to call on my two colleagues from New York, who were kind enough to take time out of their busy schedules to come here, if they have an opening statement. First, Congressman Bill Green, a member of the Appropriations Committee and the Subcommittee that deals with Housing. So we work together as allies.

[The opening statement of Mr. Schumer may be found at the end of the hearing.]

STATEMENT OF HON. BILL GREEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. GREEN. Thank you very much, Mr. Schumer. I appreciate the Budget Committee and you including us in this morning's hearing.

As the chairman pointed out, I serve as ranking Republican on the Appropriations Subcommittee for the Department of Housing and Urban Development, and also for another of the agencies that has been involved heavily in the homeless problem, The Federal Emergency Management Agency, through which a portion of the Federal homeless funds flow.

Let me first make some observations about the general homeless problem, and then turn to some of the very specific procedural problems that I think we are going to have to address as the budget process works along, since I assume that the ultimate purpose of this morning's hearing is to inform that budget process. First, I guess I would to some degree agree and to some degree dis-

agree with the remarks that have been made by my good friend, Charles Schumer.

There is no question that there has been a steady decline in the Federal funding for housing. In fact, the decline started in 1977 with the Carter Administration and has continued quite steadily. In the 2 years of the Ford Administration, the Administration's request for HUD encompassed 400,000 units of Section 8 housing of which approximately two-thirds were new construction or substantial rehabilitation. By the end of the Carter Administration, the President's request encompassed approximately 200,000 units of assisted housing, of which the majority were in the form of of the Section 8 existing housing program or moderate rehab, only 45 percent were new construction or substantial rehabilitation. And we are now down at the point where the funding in the Appropriation bill for this year will cover 77,905 new units brought under subsidy mostly through the existing housing programs.

Plainly, particularly in very tight markets like New York City, the absence of a meaningful production program is a very serious problem from our point of view. At the same time, I would have to point out that the homeless problem has two components. One is the family homeless, and there the lack of housing for families and the lack of federally subsidized housing for families being newly brought on stream is a very serious problem. I would point out, however, that roughly half of the homeless problem in New York City consists of single adults. And I would also have to point out that the Federal housing subsidy programs have never encompassed single adults under the age of 62, except for the physically handicapped, who are covered by the Section 202 program.

So, I think we do have to understand that there has been a long-term legislative gap there, and that that is not something that started under this Administration. I think it is important as we search for solutions to these problems, to be realistic about what the Federal Government has done in the past and what it can do and should do in the future.

One other gloomy note that I have to interject into these proceedings, and that is that while many hail the 1987 Housing Act as a very fortunate and lucky outcome at the end of the Congressional session, in fact, from my point of view on the Appropriations Committee, it imposes some very serious obstacles to additional funding for housing, indeed to even keeping our funding at the same level as we provided in fiscal year 1988, and that was not a level that made me very happy.

Just let me give you the numbers from the major housing accounts. The assisted housing account from which we can either build public housing or assist people who cannot afford it to find housing in existing housing through vouchers or the exsisting Section 8 Housing Program, has a fiscal year 1989 authorization under the Housing Act of 1987 of $7 billion, $300.9 million. The appropriation for fiscal year 1988 was $7.887 million. In other words, the Housing bill leaves us $586 million short of where we are in terms of what under the normal rules of the House we are permitted to appropriate for fiscal year 1989.

In the moderate rehab program, we appropriated $496 million, the authorization for fiscal year 1989 is only $407 million, leaving a

gap of $83 million. And finally, in the rental rehabilitation program, we appropriated $200 million, the authorization is only $125 million, leaving a gap of $75 million or a total gap of over $744 million between what we appropriated for the current year and what under the normal rules, we are allowed to appropriate next year.

Let me add that thanks to Mr. Schumer, there is an important new program included in the bill for the first time for fiscal year 1989, the Nehemian Program, and there is $100 million authorized for that. And also, we did not take advantage of the HODAG authorization, which is at $75 million. And, therefore, there is a $175 million in authorization there for which we did not have an appropriation this past year, but that still leaves us net $569 million short in the authorization bill from what our appropriation level had been.

And I don't have to explain to my colleagues at this table who have seen the difficulties with which we have been faced on the floor of the House with our appropriation bills these last several years, that that is going to make it very difficult for us to come in and even hold the level that we had this year, let alone, as I would like to do, increase it. And so I would say I hope in the budget process that we can get the Senate to agree, because I realize that the problem was primarily on the Senate side and not from our friends in the House who were certainly prepared to have higher authorization levels from that. The problem also exists at the White House, there is no question about that. We must have some affirmation in the budget resolution of a higher level of spending for housing because otherwise I see very little prospect that we are going to be able to steer higher levels through the floor on the appropriation bill.

With respect to the homeless legislation, the situation is somewhat happier only in the sense that the 1987 homeless legislation was a 2-year authorization bill covering fiscal year 1987 and fiscal year 1988. So in a sense we start with a clean slate for fiscal year 1989. And it would be my hope that the Banking Committee early on can start to produce a meaningful homeless bill for fiscal year 1989 and beyond, so that as we start to markup the HUD and Independent Agencies Appropriation Bill, we will have some generous targets there. And again, I would hope that those could be included within the Budget Resolution so we would know early on what our mark was.

If I could make one final observation, and this addresses more your Banking Committee role than your Budget Committee role, there is a real problem in terms of targeting what resources exist to those communities with the greatest need. When the Administration says that it wants to move to a program which is exclusively providing assistance for low-income families to use existing housing, that addresses a situation which in most of the United States makes a good deal of sense. The fact of the matter is that the majority of your metropolitan areas have reasonable vacancy rates. In a place like Houston with a 14- or 15-percent rental housing vacancy rate, creating new rental housing at great cost to the Federal Government, probably does not make a great deal of sense. However, when you come to a housing market like New York City with a

less than 2 percent housing vacancy rate, obviously we have to do something in terms of creating units.

One difficulty we have run into is that it has politically been extremely difficult to target the new construction and substantial rehabilitation resources to the low vacancy rate communities. Secretary Pierce, for all his low visibility, tried to do that in 1984, following the passage of the 1983 legislation. Our HUD Independent Agency Subcommittee tried to do that in the fiscal year 1987 Appropriation bill where we tried to require that kind of targeting for the HODAG Program. The fact of the matter is that that means there are significant HUD programs which then only come into a limited number of communities with low-vacancy rates. We need help if that is going to be done because it really wouldn't make sense to use the existing housing programs in high vacancy rate areas and target construction programs in low-vacancy rate areas.

Those are my thoughts, Mr. Chairman, on the problems we face and where we might go, and I hope they are of help to you.

Mr. SCHUMER. They are. They are well thought out, and as always, we look forward to working with you to try and do more for housing in this budget.

We are also joined by another colleague of ours who has been active in fighting for housing and other social legislation, and I am delighted he is here, Congressman Mario Biaggi.

STATEMENT OF HON. MARIO BIAGGI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. BIAGGI. Thank you, Mr. Chairman. First, permit me to congratulate you for conducting this hearing because I think that is the nub of the whole situation. We have been talking about housing for any number of years, but notwithstanding that, we still have an 18-year wait for any applicant into city housing. So that tells you something is wrong that the Congress has not responded, the Administration has not responded. And our problem is getting the housing issue in proper perspective. Get it to enjoy a higher priority, that is what it is. There is competition for dollars in every aspect of living, but housing is critical.

Our colleague, Mr. Green, makes the point with relation to rehabilitation and new housing, where we have vacancy rate in Texas, where you can go as high as 14 percent, sure there isn't any excitement or any political advantage or any susceptible bind to provide the kind of money that we need in a city like New York, where we have a 2-percent vacancy rate. And that occurs in different parts of our country. But it is critical, again beside all of the pending problems, we must get this housing situation at a higher priority level.

We may be able to take advantage of the homeless situation in the city of New York, as well as in many of the major cities. And I am not talking about those people that are living in the welfare hotels, which itself is a disgrace. I am talking about the single adults who are dying in the streets, who will not go to the temporary shelters. It is dramatic and tragic that they die, that the press focusing on that. That has to allow some sense of compassion, hopefully followed by some sense of responsibility manifested in Government action. Not simply the Federal Government, every level of

government, because there has been sufficient interest aroused as a result of what we have been viewing the last year or two to excite and interest every level of government.

We are all interested, we all want to do it. The question is, Where do you get the dollars, and where do you get the support? One of the notions that I have noticed is when we have disaster areas, the President has the right to come in and declare the area a disaster when some natural event took place and caused devastation. Why not apply the same philosophy to an area like New York, where we have tens of thousands of homeless that require assistance, and require it desperately for living. It is just a notion, but my good friend, Mr. Green, makes the point of what do we mean when we say, "homeless"? He is right. There is confusion, and there are several categories.

But we are not limited to the original policy. We are flexible enough to deal with the change in conditions in our country. You have homeless families, they must be attended to. We have homeless single adults that must be looked at. They are human beings. We must help them think in terms of human beings. And very frankly, despite all of your heroic efforts and Congressman Green, and so many of out other colleagues, we just haven't been able to make the mark.

I am delighted to say that the House has responded in a better way, but it is not going to be an easy job. Unless you deal with the fundamentals and place a proper and high focus on the problem, we are going to be going round and round again. In closing, I know how priceless these hearings are. I know how important they are, so that we can go back and tell our colleagues, and reinforce ourselves and maybe change some of their minds. Thank you.

Mr. SCHUMER. Thank you very much, Mr. Biaggi again, your words will certainly help.

We are now represented by four of the five great boroughs of New York, we have also been joined by Congressman Gary Ackerman, my friend from Queens, who said he didn't want to make any opening statements.

Mr. ACKERMAN. I apologize for being late, Mr. Chairman, but I didn't realize that you had this much traffic in this remote borough of our great city.

Mr. SCHUMER. Well, we are going to leave it to Mr. Green, to clear up the traffic problem after we solve the homeless problem.

Mr. GREEN. I took the subway here so that I wouldn't run into it.

Mr. SCHUMER. All right.

Our first witnesses are people who are homeless, or until recently have been. They are people, as I am sure their testimony will eloquently show, they are people who don't have housing. And that is about it. Otherwise, they have every facility and everything else that you and I have.

Our first witness is Shirley Hall Reese. And I would ask each of our witnesses just to tell about how they were homeless, what their housing situation is, what they have done to try and rectify it, where they worked, et cetera.

STATEMENT OF SHIRLEY HALL REESE, HOMELESS PERSON

Mrs. REESE. My name is Mrs. Reese, and 2½ years ago I became homeless of no fault of my own, meaning that my rent was up to date, I lived in a private house and the owners took over. I believe now that the education that I have dealing with the homeless situation, is the lack of education that I had and knowing the steps I should have took, prompted me to become homeless.

When me and my eight children became homeless, we lived in the Bronx. We went from the Arms, they sent us there, and there was so much confusion when we arrived there with my eight children, that I did not want to stay there. I left, and then I went to live at a friend's house. And with eight children, that was really unbearable, and to keep friendship, I then took it upon myself to go to my welfare worker and ask for housing, some kind of assistance. She then put us into Roberto Clemente Shelter, which was a big gym.

My children are very bright and intelligent. The oldest ones were SP students when this happened. This was very embarrassing to me as head of my household, that I couldn't provide basic needs for my children. We went to the Roberto Clemente Shelter, and my heart just fell to my stomach when we went in there, because I knew nothing about what I was going into. And I just knew that I had make steps and I couldn't do no better. And when I went to Roberto Clemente Shelter, there were cots. They gave us eight cots, and we had to put our stuff under them. My kids cried every night. It was a place with everyone, drug addicts, prostitutes, you name it. There was no separation on what type of people were there. We were a family of nine, and we were in this environment.

It was very hard for me to get the kids to school, but by the grace of God, the people that I had were supportive. The phone calls and the resources that I had kept me going. They kept me like there was hope, and I kept on fighting. And from there, the Coalition in Manhattan helped me. They worked with Ralph Blumenthal, and they got me into another shelter, which was a transitional type of shelter, an urban family center, the Henry Street Settlement. And from there, the children had to take like three transit to get to school, because I had one graduating and the other one, she was in the SP class, and I didn't want her to miss that.

My statement is in being homeless and what me and my family went through, is mentally just, the damage, we don't even know what will happen 10 years from now. The money that they cannot find to try and find housing for the homeless, if they don't do something about it, I don't know. I mean, there is always going to be homeless, but it doesn't have to be the number that it is. There are a lot of people out there that are making a lot of money off of homeless people. The money that they spend in the hotels alone is enormous. Then the Urb Program that have the bonus on there, that allow people to add the rent that is not enough. That is another situation that has to be looked into, because is it helping?

It is all these other things that me and my family went through being homeless, but like I said, they do not know 10 years from now what can happen to these children because if you don't have your basic needs, and you are living from shelter to shelter, I was

lucky. I was probably one of the more fortunate ones with the number of children that I have and they still maintain to keep their grades up. But the younger ones had to be left back because they could not be bussed and all that. It was really too much to keep changing from school to school. They don't know the damage it is having on families, on the children that have given up. The motivation is lost.

You are stressed out, and there is a lot of categories, like you mentioned, there are battered people that are homeless also. There are a variety. My situation, what I went through with my family, I believe we survived, and we are going through what we are going through with help, because I just refuse to give up. But there are a lot of people who are just not that strong, and that becomes another problem. Now we are in the process of still going through where I still have to fight for new housing, and another place to live.

Mr. SCHUMER. When you initially lost your home, did you look for other places to live? What kind of money were you able to pay? Did you have a job at the time?

Mrs. REESE. I did not have a job at the time. I became asthmatic, probably added through the stress that I was going through. And everywhere I went to look for a place to live, they said, "We have nothing to accommodate the size of your family." I mean, they were going to put us into a three-bedroom apartment. I found places like that that I was willing to accept rather than being homeless, but they said that they could not rent the apartment to us because it was too small for the size of our family. I looked until I was placed in the hospital because I kept having asthma. I was constantly sick behind it. I was really stressed out, but, yes, I did look.

But the price in the range that I could afford at the time, there was nothing out there that was decent or in a livable condition. Unless you wanted something in an abandoned building.

Mr. SCHUMER. Mr. Green.

Mr. GREEN. Do you remember what your welfare shelter allowance was at that point?

Mrs. REESE. I remember that they handed me a check for $2,000 for 1 week at the Arms of Jamaica, for 1 week. We walked in, there were people fighting, police came in with guns. My children stood up and cried in shock, and I said, "We are not going to stay here." They cried, "Mommy." And the price was $2,000 for like a week.

Mr. GREEN. But before that, when you were out hunting for housing, how much did welfare allow you to spend money on?

Mrs. REESE. For the size of my family, I think they allowed $383, and I think I am adding more to it. I think it was even lower than that at the time that I was looking for nine people.

Mr. GREEN. About how much do you think it would have taken, as you checked the housing?

Mrs. REESE. We are talking 2½, 3 years ago, when this happened. I could have found something for probably $550, $600. And the apartment that I did find after going through the shelters and being homeless, they wound up having to pay $700. And now, I am in the process of as a matter of fact, fighting an eviction notice be-

cause new owners bought that house also, and the place that I have found is $800, so the money has to come from somewhere.

Mr. GREEN. $800?

Mrs. REESE. $800. Now when I leave from here, I have to run and stop eviction notice, which you know it shows when you don't have a knowledge of things. On my eviction notice, briefly I just want to add, there is no date on it that I should appear in court. So, I went to the clerk and asked, "When is my date?" So, the landlord is being slick, because the date could be today for all I know. And if I don't know the date, and I don't show up in court, the Judge is going to say I didn't appear, and just put a lock on the door.

So, it is lack of education that people don't know why they are homeless also. They don't know their rights, they just don't know, and the media should focus those commercials on how to educate and show people resources on how to get help. Especially with the homeless being in the state that it is. They should show people where to go, how to go about things, because a lot of people just don't know. I didn't. I had to fall flat down on my face to find out different things that I could have done.

Mr. SCHUMER. Your daughter is here with you.

Mrs. REESE. Yes.

Mr. SCHUMER. Maybe we can hear from her. This is Sherice Reese, who is an honor student at Midwood High School, which happens to be in my district. It is a good school.

Mr. GREEN. That is a very fine school.

Mr. SCHUMER. Right; and when you are an honor student at Midwood, you are pretty good. Go ahead, Ms. Reese.

STATEMENT OF SHERICE REESE, HOMELESS PERSON

Ms. REESE. Thank you. I am Shirley Reese's daughter, and I took the time out from school today to come here and talk about homelessness because it really effected me a lot.

When we were going through our situation, I was placed in an SP class in seventh grade to get skipped to ninth. And it was like I was really upset about it because I had to take three buses to the last stop on each bus to get to school, and I was getting to school at 9 o'clock. I would have to leave at about 6 o'clock in the morning to get to school by 9 o'clock, and it was really hard. And my work was still good because I wanted to do well in school even though I didn't have a place to study or anything.

Roberto Clemente was like a lot of cots, and kids——

Mr. SCHUMER. Where is Roberto Clemente?

Ms. REESE. In the Bronx.

Mr. SCHUMER. You were commuting from the Bronx to Brooklyn?

Ms. REESE. No. I was still in the Bronx, but I was in a lower section of the Bronx and Roberto Clemente was in a higher section in the Bronx, so it was like crosstown. And Roberto Clemente was just like a lot of cots and beds, and kids were playing around the cots and I couldn't really study or anything. And I wanted to help my brothers and sisters with their homework. We tried to do it the best that we could, and it really affected them a lot because, as my mother said, they were held over, And I just think that the city,

the Federal Government, should do something more about because we can have a future of drug addicts because of this. Because the kids get into drugs and they get into all sort of things to make more money so they won't have to be homeless, so that they can help out their parents.

I really thank God for my mother, because she really helped me and I didn't have to go into any of that. Because most parents they tell their kids to go out there and work and find some money, and they get into the wrong type of things. And that is how we have a society of kids selling drugs, kids into prostitution, and kids doing everything like that. So, I really think we should also focus on the kids, even though there is a greater amount of homeless. I think we should focus on the kids because this can affect them.

I am a junior now in Midwood High School, and next year I will be graduating. And now it is like my mother has to go through this again, and I have to help her, and I have just one more year to get out of high school. And I am going to do well, I know I will. But it is taking a great toll on me, and I see things differently now than I did before.

Mr. SCHUMER. Maybe we will hold questions until all the witnesses get a chance, and then we can ask.

Our next witness is Joy Thomson, who is 63 years old and lived in New York City her whole life. Why don't you tell us how you became homeless? How it was, and where you are now.

STATEMENT OF JOY THOMSON, HOMELESS PERSON

Ms. THOMSON. It is a simple story. I lived in my apartment for 26 years.

Mr. SCHUMER. In Manhattan?

Ms. THOMSON. In Manhattan.

And my husband passed away, and mother came to live with me. And the rent became higher, and higher, and higher, and it became increasingly difficult to live there. So, they suddenly went condo, and mother was ill and expressed a desire to go to Florida. I thought that would be a good idea, we might have a better life there, but unfortunately, she passed away suddenly.

I had a niece with me, and I took her down to Florida, and was told that I wasn't wanted there, so I came back without anyplace to live. I did the best I could to take care of myself. I looked around. Everywhere I went, they said there were apartments available, but they were going co-op or condo. And I really didn't know what to do.

Finally, I asked the priest who had taken care of mother, and he told me to go to Catholic charities, who in turn told me to go to Dorot, and I found these wonderful people at Dorot. That is just about it. But I was a grown woman, and I didn't know what foot to put before the other, because I grew up in New York, in Astoria actually, Mr. Ackerman, an honor student of Fine Art. And you could go there and get a beautiful apartment, if you so desired. They were always available. Jackson Heights was beautiful community. It was something that I didn't know. Elmhurst, and all those place I knew and had grown up around, were entirely different.

Mr. SCHUMER. You had worked for many years?

Ms. THOMSON. Yes.

Mr. SCHUMER. What was your job?

Ms. THOMSON. I was a waitress and a hostess, and I also trained.

Mr. SCHUMER. Did you have that job at the time your building went condo?

Ms. THOMSON. No. I had been ill. I have angina, and I had had several sessions with that.

Mr. SCHUMER. When you came back, did you look for a place to live?

Ms. THOMSON. Yes, I tried very hard.

Mr. SCHUMER. Again, I think Mr. Green's question is very relevant, what could you afford to pay and what was the price level of the places you found?

Ms. THOMSON. Well, at that time I had little money, and I guess I could have afforded $400. There was nothing available. Get the apartment and get a job, but there was nothing available in that price range.

Mr. SCHUMER. Thank you, Ms. Thomson.

I am sure we will all have questions. Let me just compliment all the panelists just on their courage in coming forth here. I know it is not easy.

It is relatively easy to sit on this side of the table and ask the questions. It is far more difficult to tell your own personal stories when they are not the happiest stories in the world. And the only thing I can tell you, aside from I think all of us admire your courage in coming forth here, is that it is situations like yours, dramatic, visible, concrete situations, that help us try to mover our colleagues to get the kind of housing money that you so badly need.

So, before I introduce William O'Neill, our final panelist, I want to thank all of you for coming, and I should have done that in the beginning.

Mr. O'Neill is 44 years old. He was a practicing attorney until his license was suspended. He has been homeless since May 1987. Why don't you tell us what happened.

STATEMENT OF WILLIAM O'NEILL, HOMELESS PERSON

Mr. O'NEILL. Good afternoon. It is quite difficult to be here, and O'Neill is not my real name. I explained previously why that situation exists.

When I first became homeless, I was able to stay with friends, for awhile with my parents. I had a drug problem which precipitated my suspension. That has been resolved, and now I am trying to find a place to live and a job. I am currently living in Wards Island Men's Shelter, which is probably the best men's shelter in the city, still having a lot to be desired because it locks you into a system which is almost impossible to get out of.

When I originally went to the Third Street Men's Shelter, I found a mad house. And it seems that most, or a good half of the people that are homeless, are afraid to go into Third Street. And if you ever went there, you would see why. It if frightening. I wouldn't want to go downstairs by myself. If I did, I would lose my money, my coat, my shoes, and anything else that I might have

with me. The security staff is there, but you can't possibly control all of the people that are.

Anyway, I am at Ward's Island. I live in a room with eight people, and I am lucky. I will get out of the system because I am very highly motivated. To get here, I had to get up at 5:30 a.m. to get in to you. It is very hard to get off Ward's Island, although it is a decent place to stay. There are plenty of difficulties. Three people in my room work, but they are working at minimum wage and it is going to be impossible for them to find housing at the salaries they are making. One of them has been 7 months in a shelter, another has been 1 year in a shelter. The others in the room, all of them would love employment. There is no one in my room that wouldn't take a job if they could get it, even at minimum wage.

Some of them can't. Some of them are intimidated. First of all, just the clothing. Once you find yourself homeless, mostly you lose your clothes, because at first you have to carry everything with you. Ward's Island, after you are there for 3 days, if you are lucky, you get a locker. So, finally you can preserve your belongings. By the time I got there, I had what I was wearing. I was able to get a wardrobe because I have a certain ability, and I will get out of the system because I have that ability.

Those not as fortunate as me intellectually, are not able to maneuver and speak for themselves, and have an impossible task. So, you have no clothes, how do you get a job. There are places to get clothes, but you have to be so highly motivated to get out there. The churches give them out on such and such a day between such and such an hour, but there are no funds for you to get to the churches. You can walk across Ward's Island, but that is scary too. It is a 20-minute walk, and you take your life in your hands. You have to walk over a bridge from a project. People get beaten up. It is very difficult.

The bus service they provide is haphazard at best, and that is the best shelter in the city. When I originally became homeless, I went to Third Street. I got into a system where they provide daily busing to churches. And I understand they pay $50 a person for the churches to keep you for the night. I don't know how many people are in that system. You get to the Church anywhere from 7 p.m. to 10 p.m., depending on when the bus gets there. They load you on a bus, you get to the church, there are cots to sleep on, there is someone to oversee it. They wake you up at 5 or 5:30 in the morning, and they drive you to Third Street.

It is almost impossible to get out of that system if you don't have the intelligence to begin with, or if there is something wrong with you, or you have any kind of disability, or if you are not super highly motivated. I mean, it is a very depressing situation. There is no one to turn to. There is no one at Third Street who will explain. At first, they had me at a shelter in central Harlem, and in the morning they gave me a token. I was in the middle of nowhere, not knowing how to get out of there, with a token. It is very difficult.

And you can't get welfare, by the way, if you are in the shelter system. Now they are thinking of providing $50 a month for people who are in shelters. That is cigarette money. So, in the shelters, you have to go out, and you have to try and get some way to survive. Collecting cans, selling drugs, although most of the people

don't sell drugs. But there are markets for every prescription medication, including antibiotics. There are people who will give you a dollar or two for 30 penicillin tablets, and they dispose of them however. And this is how some people get by, a dollar or two for selling their medication.

There is so much that I could go into. I had an education in this. There is a tremendous fear factor of actually going into one of these places. I mean, here I was surrounded by young, black men who are from the streets. It turns out that 95 percent of them are nice people and would jump at a chance to get out of that system. But they can't.

Now, I don't know what they will do in a few years. I mean, after they have gone and stayed there 2 or 3 years, they will get more disenchanted. And they are young and healthy and capable and willing, but there is nothing for them. There is certainly no housing, certainly nowhere to go for housing, there is no place to go for counseling, no place to get any advice on how to live once you get housing. It is a very difficult situation.

Mr. SCHUMER. Most of the people in your eight-person room have been looking for housing?

Mr. O'NEILL. They have been looking for jobs. They can't get housing anyway, one is a security guard. He makes $200 a week, after you take the taxes and expense of traveling, and because he can't get back for the free meal, he has to pay for his own dinner. What does he end up with, $80. He can't afford housing.

Mr. SCHUMER. I think we are ready for some questions.

Mr. BIAGGI. We are talking about housing, but clearly what is coming through here is job employment. That is why we find many of these folks in this homeless situation. Now, what is interesting is that most of the folks associated with you in this homeless shelter want to work even at minimum wage.

Now, is there any effort on the part of the officials of the shelters to educate, to inform, to try to develop some kind of a program where these job opportunities would be made known to your associates in the shelter?

Mr. O'NEILL. Ward's Island has a very small program of their own where they do it in stages, but I think the total amount of people at one time are maybe 80 to 100 out of maybe 800 or 900 people there. They will provide you with a job, and you first start out making $25 a week for 40 hours, and then you go up to maybe $80 a week. And after a year or so, you might get a job as a regular staff member there.

Mr. BIAGGI. On Ward's Island?

Mr. O'NEILL. On Ward's Island.

Mr. BIAGGI. I am talking about in the open community. I know of endless opportunities for minimum wage jobs. There are fast food shops, advertising in the local stores that are paying more than the minimum wage because they can't get anyone for the minimum wage. Now those opportunities are there, there should be a marriage. There should be a bringing together or these things.

Mr. O'NEILL. If they had some way to oversee these programs maybe, I mean Ward's Island is livable, even in this 8 or 9 in a room, and some rooms with 20 or 30, there is a lot of depression involved in finding yourself in a shelter, and it takes a lot of time

to get out that. The bus comes, it might not come. And then to get motivated to do that, and come back and it ends up with nothing for the day.

Mr. SCHUMER. Mr. O'Neill, let us say that there was some kind of housing available, not in the shelter, would it be easier for the people to find jobs?

Mr. O'NEILL. It would be if they were educated on where to look. I mean, there is no information given out on where to find these places. There has to be an educational program to teach people where to look.

I mean, Ms. Reese is lucky. She is intelligent enough to call the court and know how to handle that. You are dealing with people who don't have that mentality, and are intimidated, who have lived all their lives in a very sheltered area, and are intimidated to go outside of the area.

If there are jobs, yes. But you need more than just jobs and housing. You need someone who they can talk to and individualize their problems, or just talk to them.

Mr. SCHUMER. I have a bunch of questions. I think I will save mine for the end, and let me colleague, Mr. Ackerman, ask his questions.

Mr. ACKERMAN. Thank you very much, Mr. Chairman. Let me just make one brief comment, if I may, to the panel. The Chairman expressed his tremendous gratitude on behalf of all of us to each of you for having the courage to appear here today, in what has to be very difficult, trying circumstances, and of course, what would be obvious to most people that there is a great deal of embarrassment to come here and tell your story. Let me say, I think on behalf of all of us, we should be more embarrassed than you to allow this situation to continue for so long, for so many years.

Those of us who know the system, and can get through it, and get around it so well, to be part of a society that tolerates, that feels hamstrung, that permits this to continue to innocent, otherwise productive human beings, as each of you obviously are, we are embarrassed. Now that we all share a common emotion, perhaps we can explore ways that will prove helpful to teach us, which is really what this is all about, what direction and route we can take.

I just want to make a special comment to Sherice Reese, and tell you how proud we are of you, and how we know you must be so proud of your mother to have such strength and courage under very trying circumstances these past few years, to be able to continue to keep you and your seven brothers and sisters together as a family. That takes a tremendous amount of love and strength, and she has to be a very special person. And I wanted you to know that we know that.

I know my kids each have their own bedroom in a very nice house, and how difficult it is for them to study and succeed in school. And you in a room with hundreds of other people, with no special space for yourself, have been able to remarkably achieve and become an honor student. You are somebody special, and we are very fortunate to be in the same room listening to some of your persuasive arguments and observations.

I have a brief couple of questions if I may, Mr. Chairman. I am very concerned that the approach that we seem to have taken in

this whole approach in trying to resolve the homelessness situation that exists in our city and other cities throughout the country, seem to lack a cohesiveness. There seems to be no real entity tying things together. We pool our limited resources and provide a roof, an emergency shelter, which obviously is one of the immediate necessities. But there are other things that I think go into making people successful.

Why some people in our society will never find themselves in that situation, where others will find themselves in it temporarily, as I am sure applies to all of you, and will be able to be, "motivated," which I think is a key word, and get yourself out of it. And then there are so many others who are going to wind up sunk into the quagmire and find that a permanent way of life. There seems to be a motivational problem.

Have you seen any hint, any of you, or any indication, that anybody is trying to tie together some of the things that Mr. Biaggi was talking about a moment ago, to provide an educational component, to provide a motivational component, to provide a psychological component, to provide job training, job counseling, or any of those other things that are going to motivate? Is there anything that indicates this is being done?

Mrs. REESE. Yes, I have to say that the last place where they sent us, Urban Family Center, Henry Street Settlement, has an excellent staff, social workers, job training programs, support groups for their homeless families. And while I was there, after we left, they called me back and I now work there with them. I run the self-help support group for the homeless at the Urban Family Center. I am a representative of it, and, yes, I have to say if a person has to be in any type of shelter, it should focus around anything like Urban Family Center.

Because what it does is it motivates, it pulls people, it doesn't let them have a crush. It shows them different ways to uplift themselves. Because the people are burnt out. After coming from shelters, and places like we went to, Roberto Clemente, and cots, you are drained. You just can't handle it. And you are just thrown in with all kinds of people, so either you get caught up in it, or you go into a closet.

Mr. ACKERMAN. Who runs this?

Mrs. REESE. Right now the director is Verona Gida.

Mr. ACKERMAN. Is it run by the city, State, Federal Government, private agency?

Mrs. REESE. I don't know.

Mr. GREEN. The Urban Street Center has had this for a long time and does a very fine job.

Mrs. REESE. Right. I think it has been around like 100 years.

Mr. SCHUMER. Sara Peller, I don't know what her title is, but she is from the project and she will be here on a later panel. She is from Project Dorot.

Mrs. REESE. Well, I have to say is the only thing I can speak on is, yes, they have a beautiful of staff of trained social workers, that have support groups and do help the people.

Mr. ACKERMAN. Just briefly, anybody else find any bright spots in this?

Mr. O'NEILL. I found it very difficult to find or go to the right people within the shelter system for single people. There just aren't enough facilities. And although there might be jobs at minimum wage out there, these people have to be taught and have to be able to present themselves in situations to go to them. Most of them don't have the clothes or there is a fear factor.

Mr. ACKERMAN. Just very briefly, Mr. Chairman, let me say, Mr. O'Neill, that I am discouraged to learn of the situation at Third Street. It was in 1981, for a very brief day and a night I went through the homeless shelter situation disguised as a person who was homeless, and did go through the Third Street experience back then some 7 years ago. And I have to tell you, I found it tremendously intimidating. Stripping human beings of whatever dignity that you came in with, very demoralizing. And with the exception of providing a roof, it took away more than it gave. I am sorry to hear that it is apparently still the same.

Mr. O'NEILL. Or deteriorated more.

Ms. THOMSON. Mr. Ackerman?

Mr. ACKERMAN. Yes.

Ms. THOMSON. The Dorot Project, not only gives you their love and support, but everything I have on is from Dorot.

Mr. SCHUMER. That is where Ms. Peller is from, and she will be here.

Ms. THOMSON. Almost everything I have on is from Dorot.

Mr. SCHUMER. Again, I think all of the panel wants to thank you for your courage. Let me just say if we could get any group of Congressmen and bureaucrats in Washington, I think, to come to this hearing and just listen to you, the support for housing moneys would swell. It would be our job, our responsibility, to try and send your message there. I thank all of you for coming, and for your eloquent testimony.

This panel was people who have been homeless, who are as you can see, they are productive people. They are people who either have or have had jobs, and simply can't find a place to live because of their income. Our next panel is what has been called the soon-to-be-homeless. Luisa Gonzalez and Gladys Lugo are both people who now do live in a home, but if the present policies are not reversed, if something is not done soon, they will not have homes in the future. The third witness, just for the record, is Steven Banks, who works for the Legal Aid Society, and has been a long time activist, and in fact appeared before us before.

Ms. Gonzalez is about to be evicted from her home because the landlord wants to raise the rent and she can't afford it. She has a Section 8 certificate, a very coveted and all too rare commodity these days. She just can't find a place to live with that certificate. Ms. Lugo is the mother of three children, ages 9, 1, and 5 months, I think we heard the 5-month-old a few minutes ago. Ms. Lugo has been until recently doubled up in private housing in violation of a lease, because she couldn't find a place to live.

Ms. Gonzalez, would you like to lead off? In your own words, tell us who you are and what your story is; about your family and what you have been trying to do with your Section 8 certificate.

STATEMENT OF LUISA GONZALEZ, SOON-TO-BE-HOMELESS; ACCOMPANIED BY STEVEN BANKS, STAFF ATTORNEY, THE HOMELESS FAMILY RIGHTS PROJECT OF THE LEGAL AID SOCIETY

Ms. GONZALEZ. I will try to explain myself as best I can. My name is Luisa Gonzalez. My problem is I am living in a three-family apartment building and then my landlord told me that I have to leave the building because he is converting to a co-op. Since then, I have been trying to find an apartment. I went to Housing Department and applied for housing, and they sent me a voucher, but I wasn't able to use it because at that time, I have been trying to find an apartment but the rent is too high. So, my voucher expired. And then, because it expired, I apply again for public housing, so they keep me on a waiting list.

And the situation for me is not that good because they keep me on a waiting list and I have to leave in 6 months. I am a mother of a mentally retarded child, and also an 8-year-old child who goes to school. So, the situation is really hard for me because I have been looking around for housing, but I haven't been able to find an apartment less than $700. All the apartments are over $800, $1,000.

Mr. SCHUMER. How much does your voucher permit you on your Section 8?

Ms. GONZALEZ. On my voucher they expect me to pay up to $600, so I couldn't find an apartment at a rent that I can afford.

Mr. SCHUMER. Where do you live, what part of New York City?

Ms. GONZALEZ. I live in Brooklyn, in Park Slope. And all of that section is going into co-op and condo. And so, that is my situation. I am desperately looking for an apartment because at the present time I am taking a training as a secretary so I have almost no time to go out. But on Saturday I go out looking for an apartment, and also on the spare time that I have in the evenings. But I cannot find an apartment.

Mr. SCHUMER. How many days a week do you end up looking for a place?

Ms. GONZALEZ. I go Saturday, and everyday of the week after school. When I come from school, I go out and go to real estates and through my family and friends, I look.

Mr. SCHUMER. When do you have to move out of your present place?

Ms. GONZALEZ. He told me that I have to move by June, that is the time he gave me.

Mr. SCHUMER. Thank you.

[The prepared statement of Ms. Gonzalez follows:]

PREPARED STATEMENT OF LUISA GONZALEZ

For the past 12 years, I have lived at 277 Prospect Park West, apartment No. 4, Brooklyn, NY. I live there with my daughter Elaine, age 19, and my son Jose, age 8.

My daughter Elaine suffers from cerebral palsy. I spend most of my time taking care of her. During this past year, I have also been attending a secretarial training program at the Heffey & Brown Secretarial School in Brooklyn. I expect to graduate in June 1988. Once I complete this program, I hope to be able to find a job.

At present, my family's only source of income is my daughter's $371 monthly Supplementary Security Income (S.S.I.) benefits and $187 semimonthly public assistance grant for my son and me. Our current rent is $490 per month.

Last year my landlord told me that he wanted us to move out of our apartment so that he can convert our building to a cooperative. Since there are only three apart-

ments in the building, we have no tenancy protections. As a result, we have no choice but to move out of our apartment in June 1988.

From April through September 1987, I had a Section 8 certificate. However, I was unable to find an apartment which rented within the $700 per month maximum rent level for my family size. I looked every Saturday and on most weekday afternoons. I went to real estate brokers. I asked friends for help. I even knocked on the doors of buildings that I thought might have vacancies. I simply could not find an apartment that was even close to $700 a month. Even if I was allowed under the Section 8 program to rent an apartment for more than $700 and make up the difference myself, I would not have been able to afford to do it. I would have had to use money for rent that I need to feed my children each month and to take care of Elaine's special needs.

Since I could not find an apartment during that 6-month period, my Section 8 expired. Based on the advice of workers at the Section 8 office, I have now applied for an apartment in a public housing project. However, my name is just on a waiting list along with thousands of others.

I am desperate now. I cannot find any housing for my family that I can afford to rent. I am afraid that we may have no choice but to seek emergency housing if we do not find alternative housing by June. I am worried about the effect that living in a shelter or welfare hotel would have on my children, especially my daughter Elaine.

STATEMENT OF GLADYS LUGO, HOMELESS PERSON

Ms. LUGO. Unlike Ms. Gonzalez, who is not homeless yet, I am homeless right now. I am staying at the Forbell Shelter, me and my sons. I have a 9-year-old daughter, and she is staying with my mother temporarily because of her schooling. And I don't think it is right for her to be at that shelter.

I have been homeless for the past week. I have been staying at Forbell, and I have been looking for housing every day. Even in the worst neighborhoods I have been looking, and the rent is $600 and up.

Mr. SCHUMER. You are an X-ray technician?

Ms. LUGO. Yes.

Mr. SCHUMER. And you are a graduate of Hostos Community College?

Ms. LUGO. Yes.

I worked as a film developer and I developed a kidney condition from that, so temporarily, I can't work right now and because of my children, they are too little. So, I am on public assistance and I am allowed to get an apartment for $300, that is it. And I can't find anything that is $300 or under; not even for $400.

[The prepared statement of Ms. Lugo follows:]

PREPARED STATEMENT OF GLADYS LUGO

I am a graduate of Hostos Community College. I worked as an X-ray technician until November 1985, when I developed a kidney condition from exposure to chemicals in the workplace. I have three children: My daughter Melody, age 9, my son Manuel, who will be 2 years old next month, and my son Joseph, who is 6 months old.

My family and I are now homeless. For the past weeks, my two sons and I have had no choice but to stay in the city's Forbell Street mass shelter. At Forbell we sleep in a large open room with dozens of other men, women, and children, including opposite sex teenagers. We share group bathrooms. I am afraid to expose my daughter to these living conditions and to disrupt her schooling, so I have had to arrange for her to stay with my mother. Even though we miss each other, I feel that she is better off not staying with us at the shelter. Unfortunately, there is not enough room for us all to stay with my mother.

Until last week, we had been staying with the children's grandmother in Brooklyn. We stayed there for approximately 1 month. While we stayed there, my chil-

dren and I slept on the floor in the livingroom. The children's grandmother lives in a city-owned apartment, and she was afraid that she would be evicted if she let us continue to stay with her.

Before last month, my children and I had lived for 2 years in my sister's apartment at 213 Suydam Street, No. 3L, in Brooklyn. However, in November 1987, my sister died of a heart attack, and the landlord told me that I had to leave since the lease was in my sister's name.

He gave me 1 month to look for an apartment. When I could not find one, he made us leave. I looked constantly for an apartment but I could not afford to rent any apartments that I found. Even in bad neighborhoods, the cheapest apartments rented for $600 a month. Since my public assistance shelter allowance is only $312 per month, I could not afford an apartment at this rent level. My only source of income is a public assistance grant in the amount of $293.

It is unbearable to have to live in a mass shelter with my two sons and to be separated from my daughter. I just cannot find affordable housing for my family.

Mr. SCHUMER. Just one other point, Ms. Gonzalez, how long have you been living in the apartment in which you are now?

Ms. GONZALEZ. Twelve years.

Mr. SCHUMER. Twelve years?

Ms. GONZALEZ. Yes.

Mr. BIAGGI. May I ask a question?

Mr. SCHUMER. Yes, go ahead.

Mr. BIAGGI. I understand that in certain areas $600 may not be sufficient moneys for an apartment. Have you looked all over Brooklyn?

Ms. LUGO. Yes, yes. I look through all the places that I know. I went all over Brooklyn looking, and I don't know of an apartment less than $700, nothing. Because I have a son and a daughter, you know, I need at least four or five rooms, so there are no apartments less than that.

Mr. SCHUMER. Ms. Lugo, you were living doubled-up you said, I believe with your mother?

Ms. LUGO. I lived with my mother and also with my sister, when she passed away in November 1987. And I tried to stay in that apartment and the landlord gave me 1 month to move out. He even offered me money to move out because he wanted to raise the rent much higher than what my sister was paying.

Mr. BIAGGI. How much was she paying?

Ms. LUGO. $270.

Mr. BIAGGI. How much higher did he want to raise it?

Ms. LUGO. More than $500. He said he had to fix it and renovate the apartment.

Mr. SCHUMER. What neighborhood was it in, Ms. Lugo?

Ms. LUGO. The Bushwick section.

Mr. BIAGGI. How many rooms?

Ms. LUGO. Two bedrooms, and a kitchen and a living room.

Mr. BIAGGI. Maybe you should talk with Ms. Gonzalez. She can pay up to $600 apparently, and he wants over $500 and its got two bedrooms. Perhaps you can direct her, and maybe she can get that apartment.

See, I know what the problem is, which is basically money. But it is difficult for me to comprehend, I have been all over this town of ours and I know the difficulties so don't think I am not sensitive to it. But I am certain there are apartments out there for $600. You just have to work harder. The trouble with you is you are working

and you have to take care of your kids you don't have the time to do it yourself.

Ms. GONZALEZ. Yes, it is really hard for me.

Mr. BIAGGI. Searching for apartments is very difficult, but there are some apartments out there. Here is a perfect illustration, your landlord wants to raise the rent from $275, he wants you out so he can get over $500. Well, Ms. Gonzalez, move right over. Go see the man today.

Mr. SCHUMER. If he accepts Section 8. Large numbers of landlords will not accept Section 8 certificates, unfortunately.

Ms. Gonzalez, who cares for your child while you go to school? You have a handicapped daughter, correct?

Ms. GONZALEZ. Yes, I have a handicapped daughter. She goes to school at the present time.

Mr. SCHUMER. Does your husband have a job?

Ms. GONZALEZ. No, I am single.

Mr. SCHUMER. You are single, all right. Are there any further questions?

Mr. ACKERMAN. Maybe Mr. Banks can answer this one. Is there any central registry of apartments that are available that landlords will rent to people with certificates and perhaps quantify them by amounts of rent that the landlord is looking for so that there can be a reasonable approach to this?

Mr. BANKS. Unfortunately, there are no central lists maintained which are current which would list landlords who are willing to rent through the Section 8 Program. In fact, just last night I was with a family at the Martinique Hotel, who is exactly the same situation as Ms. Gonzalez. And she has a list that she was given which is 4 years old, and she has been going to the apartments and none of them are rentable.

And if I may also just take the opportunity to comment on Congressman Biaggi's question. One of the problems is that under the Section 8 Program, you just can't simply take the certificate that Ms. Gonzalez has and let her rent a two-bedroom apartment. The program has limitations as to rental amount, as to apartment size, and so forth. And then as chairperson Congressman Schumer points out, there are tremendous problems in terms of getting landlords to accept the program because they view it as yet another piece of redtape to go through. In addition to the welfare bureaucracy, they now have to deal with the Section 8 bureaucracy.

Mr. GREEN. If I can followup on Mr. Ackerman's question. My recollection is that at the time the Section 8 Program started shortly after the 1974 Housing Act, when I was regional administrator of HUD some group, I believe that it is the Settlement Housing Fund, established a computerized data bank and put together a staff to search out apartments and list them with the Housing Authority so that there would be an up-to-date roster of landlords and their apartments that were available for Section 8 existing housing tenants. What has happened to that system, do you know?

Mr. BANKS. That system, unfortunately, has suffered since you have left HUD, but there is no such system currently in existence. And it is one of the tremendous problems. I think though as the earlier witnesses have testified to, and I am sure the mayor will

testify to, there is just a lack of apartments. The housing production is a very important aspect of all of this.

And I think my clients and I would simply like to commend the Members of this Committee, particularly the chairperson and Congressman Ackerman, who we did take through the Martinique and a number of other hotels about 1 year ago. We would like to commend you for your tireless efforts on this issue. There is much in the public press concerning our criticisms of the city's programs. But I think one issue which the city and the Legal Aid Society and other advocates and our clients are united on is the issue which you are focusing on now. And perhaps with a united presentation and with your continued efforts, we can reach your colleagues in Congress to get some action in this area.

Mr. GREEN. I would certainly hope so. I think it was 2½ years ago, our subcommittee brought forth a housing appropriation bill which had a modest increase in public housing units from 5,000 a year to 10,000 year, and we got beaten on the floor of the House. So, we certainly can use anything that everyone can do to educate the public at large and their Representatives in Congress about the need for a production program in the housing area.

Mr. BANKS. I think sadly there are hundreds of families that we see in Ms. Lugo's situation and Ms. Gonzalez' situation, and Mrs. Reese's as well, who you saw earlier this morning. And there just seems to be no end to it.

Mr. SCHUMER. Well, if my colleagues have finished their questioning, I want to thank again our panel. As we mentioned to the previous panel, it takes a tremendous amount of courage to come here and tell your story. There is no better weapon that we have, then fighting for the things that we are fighting for in terms of getting adequate housing for the homeless, and building permanent housing. The misconceptions that range from one end of Washington to the other are so enormous and undercut us in our efforts.

Your telling your stories, plainly, simply, and factually, is really the best thing that we have going for us in making this fight. So, your words will not go unnoticed. We are extremely appreciative. I see that both Ms. Lugo and Ms. Gonzalez have written statements, and also Mr. Banks has a written statement, and without objection, I will ask unanimous consent that they be placed in the record. Again, we thank you.

You make clear, the previous panel makes clear that the lack of housing is the major cause of homelessness in our city and in our country, and is something that we have to rectify. Thank you very much, all three of you.

Mr. BANKS. Thank you very much.

[The prepared statement of Mr. Banks may be found at the end of the hearing.]

Mr. SCHUMER. We have heard the terrible plights of people. The first panel, people made homeless; the second panel, people who will be made homeless by lack of Federal help in housing. And now we are fortunate and honored to have someone who represents a bright spot; one of the few I might say in the area of the homeless. Somebody as a private citizen who, because he cared, put together a 200 unit transitional housing facility for homeless people in East New York.

To see the facility, and to see how people's lives have changed because of his efforts, is gratifying to all of us. I think this is the first opportunity that Mr. Cuomo will be testifying before a congressional committee on his recently completed, at least the first step completed efforts. We are grateful for you coming and for your time, but more importantly, for what you have done. It is a message that we hope to send around the country in efforts that shelters, such as the one you have built, can be built around the country. That is why we are particularly interested in how it happened: the difficulties you encountered, how you overcame them.

Mr. Cuomo has a written statement. He is joined by a friend who used to do great service working with my wife, Pat Eckman, who is now the Director of Special Projects for the State Housing Finance Agency. Without objection, the witness' statement will be read into the record, and you may proceed as you wish.

STATEMENT OF ANDREW CUOMO, FOUNDER AND PRESIDENT OF HELP

Mr. CUOMO. I would first like to thank you, Chairman Schumer, and thank the Members of the this Task Force for inviting me here today. I would also like to congratulate Congressman Schumer on his commitment in the area of housing, and also, for today's hearings, which serve many worthwhile purposes, but in particular go a long way towards clarifying the dimension as and parameters of the homeless crisis.

Despite extensive media coverage and extended period of time, I believe the public has a basic misperception as to the type of population we are currently trying to help. As we have seen and heard here today, the problem of the homeless is not generally that of the stereotypical bag lady or streetperson. Contrary to popular perception, 66 percent of New York State's homeless are members of families. Nearly 50 percent are children under 12, while only about one-third of the total population are singles, people you often see on street corners or in doorways that have come to typify the problem.

These people are most often victims of Government's failed policies of deinstitutionalization, and as such, present significant but very different problems then the majority of the homeless. Indeed, the use of the term, "homeless," has become overbroad, in my opinion, and now includes people who are not only victims of deinstitutionalization, but also alcohol and drug abusers; battered women; runaways; as well as one-time middle income families who have lost their homes through no fault of their own. Each group must be understood individually if we are to address their needs effectively.

About 2 years ago I formed, and now serve as president of HELP, a not-for-profit corporation organized for the purpose of providing better services for the homeless at less cost to the taxpayer. The corporation was specifically formed to better utilize the vast dollars the Government currently spends for the misery provided by welfare hotels.

HELP had two founding premises. First, that the public and private sector must work together if we are to effectively alleviate this problem. And secondly, that we can no longer warehouse

homeless families in welfare hotels, and hope that by some divine intervention they are going to find their way back into mainstream society. We have tried it that way for a long time, and we know that it just doesn't wash.

HELP recognizes that a family needs more than an 8 by 12 hotel room, which strips them of their dignity and hope during the most critical period in their lives. They need social service assistance, such as day care, apartment finding assistance and counseling, which gives them both the practical and moral support they need to put their lives back together. Experience has shown that when a family is provided with these services, the average length of stay is approximately 7 months, as compared to approximately twice that or 15 months in a welfare hotel. This not only decreases the hardship on the homeless, but also the burden on the taxpayer.

Within the HELP partnership, the private sector builds, owns and operates the facility, while Government provides the land and the financing. Using this approach, I am pleased and proud to be able to say that the HELP Corporation will be providing better services for literally thousands and thousands of homeless, while at the same time saying taxpayers millions and millions of dollars.

HELP has constructed HELP One in the East New York section of Brooklyn, which is a 108,000 square foot facility, which will house 800 people. HELP is also working with Westchester County to build 258 units, and Albany County to build a 24-unit facility. Significantly, the HELP development team, which was led by Tishman Speyer and Drexel Burnham Lambert, all participated in the project either pro bono or at cost. This allowed us to build HELP One, which would have cost $21 million, for only $14 million.

In this partnership, New York State through the New York State Housing Finance Agency, provided help with use of its tax exempt bond financing capacity. This allowed us to acquire construction and permanent financing at a very low cost of approximately 5.9 percent. This is also at no cost to the State of New York, as HELP is directly responsible for the principle and interest payment to the bondholders.

New York City, through the creativity, leadership, and personal commitment of Mr. Koch, provided HELP with the land at no cost, and with the approval of the Board of Estimate, executed a 10-year contract with HELP, whereby HELP will provide services to homeless families which are referred by New York City. This 10-year contract serves as the underlying security for the Bond issue, which received the highest rating available by annuities, a "AAA." Most importantly, utilizing the financing mechanism I just described, and the private sector's expertise in pro bono assistance, we will operate the HELP One facility at a cost to Government well within that currently spent on welfare hotels.

However, within that funding level, HELP provides better housing, on-site social services, and is also paying the debt service on the bonds, essentially the mortgage, which once retired will also insure to the city. As an added benefit, after 10 years of operation as a homeless facility, HELP will turn over the fully constructed facility to the city, at no cost, and free and clear of any debt whatsoever.

The city can continue to use the housing stock as a homeless facility, or choose to use it as permanent housing in their discretion. We believe this approach satisfies two needs: The immediate need for cost effective and humane transitional housing, and at the same time, the ultimate need of permanent housing. We believe at the same time that it defies all reason for Government to be spending millions and millions of dollars on hotels and motels that do nothing to add to the housing stock, let alone afford decent accommodations.

The Federal Government, however, specifically prohibits any construction or capital cost in the moneys that support homeless shelters. The Social Security Act and the AFDC funding stream actually encourage the use of welfare hotels and discourage any programs which as an added benefit to homeless care, provide any construction of permanent housing. This system simply defies logic.

We believe that if an organization can provide services for the homeless, and at the same time pay a capital cost at the same rate that Government is spending to provide homeless with a hotel room, they should be allowed, and indeed encouraged, to do so.

To that end, you have before you today, HELP's proposal for legislative change to the Social Security Act, which would allow a not-for-profit organization to use the AFDC funding stream to pay capital construction costs, if, and only if the capital costs, together with any other project costs were less than or equal to the amount Government was spending to rent shelter on a day to day basis. We also believe that the Federal Government should follow the lead of New York City and New York State, and work with such not-for-profit organizations, whose efforts and expertise better serve the homeless and the taxpayer.

Thank you again. If you have any questions, obviously, we will be pleased to answer them if we can.

[The prepared statement of Mr. Cuomo may be found at the end of the hearing.]

Mr. SCHUMER. Thank you very much, Mr. Cuomo. I think your testimony and, of course, the project that it represents is eloquent testimony to the fact that you can do things. That we don't just live in a dark, clouded world where nothing can be done, and I think it is inspirational.

Let me ask a couple of questions just about the cost situation because what has been so impressive is that you have been able to bring this in at so much of a lower cost. What were the major obstacles that you faced? How can we replicate HELP One in other areas, particularly if we do this legislation? As I am sure you know, in the welfare bill right now is a proposal very similar to this one that I think all of us cosponsored, that Congressman Weiss and I put together. We don't have the ability, if the money is made available we are still going to have to do it. How much of a problem are land acquisition, labor costs, et cetera, to do this not for 800 people, but perhaps for 8,000?

Mr. CUOMO. Mr. Chairman, I am aware of the program that you have proposed, and I praise it. It is somewhat different than what we have done at HELP, but the principal is exactly the same.

The cost on HELP, as I mentioned it would have cost $21 million to build the facility if we had to pay without the private sector par-

ticipation on a pro bono basis, and if we had to pay for the land. We got the land at no cost from New York City. It did cost us $14 million in hard costs to build a 200-unit facility with a 12,000-square-foot community center. Now, before you do quick mathematics and say that comes out to $70,000 a unit if you didn't count the 12,000-square-foot community center, that is much higher than comparable building costs, because we didn't just build it.

Mr. GREEN. Unfortunately, it isn't.

Mr. CUOMO. The hard costs actually, Congressman, are much less than the $14 million. I believe the hard costs were about $10 million.

Mr. SCHUMER. Compared to Federal Housing Programs, the hard costs are cheap.

Mr. CUOMO. The hard costs were very cheap, and I think frankly that is much to the credit of the private sector that came in. So, the hard costs would be $10 million. The additional $4 million which we spent was because this project is fully furnished, it is fully equipped, the community center is fully furnished, the units are not just turned over as constructed units. They are furnished, they have all kitchen appliances, et cetera. And there is a very high maintenance budget, since we basically run it, I guess it could be analogous to a motel where all the services are provided, and the community center had to be staffed, et cetera.

So, the cost was much lower, I believe, than conventional Government construction. That was due to the private sector. The time that we constructed it in was only 9 months, which is very fast anywhere, especially in New York City.

Mr. SCHUMER. The second question is, Is it now fully occupied? I know you are in the process of bringing families in. What kind of families are moving in?

I don't know if you were here to hear the eloquent testimony of some of the people who are here in the audience, but can you give sort of a generic description of the types of people who are moving in, and where they are moving from?

Mr. CUOMO. Yes. We are not fully occupied at this time. When we are fully occupied, we will have 200 families. The city of New York, which administers the program, has a phased in occupancy schedule, to their credit. In other words, just because you have a 200-unit facility fully completed, they are not going to refer 200 families the first week. And that makes sense because it adds to confusion. So, they have a phased in occupancy plan, where they refer about 15 families per week.

We have right now about 40 or 45 families in the facility. They are a mix of families from welfare hotels throughout the city, but New York City has been trying to refer Brooklyn residents, the thought being get the original Brooklyn inhabitants back to Brooklyn, it is closer to their school system, it is closer to their family structure, et cetera. So, the families are from welfare hotels throughout the city, but basically Brooklyn residents where possible.

And the family composition is a mix. They are families. They are not singles. It is a tier two facility, which is a family shelter, so they are families, but they are a mix. I was fortunate enough to hear some of the testimony before I came up, Mr. Chairman, and I

think, as I mentioned in my statement, what this experience has shown to me is that despite the tremendous media coverage of the problem of the homeless has received, I don't know if the public at large, but I know I for sure did not fully understand the problem.

These families at the HELP One facility, you meet them and talk with them. For example, the Classe family, Mr. Classe was a civil servant for 15 years. He was a T.A. Conductor, passed the civil service test, he worked for 15 years. He is out on disability. There is a legal dispute concerning his disability payment, his rent went up, and he is on the street. And after 15 years of Government service, he slept on the subway with his children for about a week until he got into a shelter. And then we heard about the tragedy of that.

So, the families are a mix, but I think with the proper help, with the necessary support, they are readily able and willing to get back up and on their own.

Mr. SCHUMER. Two quick and final questions. I am just so curious about this, so I hope my colleagues will excuse me for asking a couple more.

One, if the law changed as you proposed here, could this be replicated in many parts of the country? The second related question is, If the kind of proposal that we also have put in the welfare bill to allow this money to be spent for permanent housing, could you use this model to do the same thing and build permanent housing at the kind of cost, perhaps a little higher, than you are talking about?

Mr. CUOMO. Mr. Chairman, the short answer is, yes, definitely.

When you say, "build permanent housing," the facility is a permanent housing facility. It is three stories, the units are smaller than units normally designed for permanent occupancy. They are about 400 square feet, so they are small. Could you build a larger unit? Sure, you could. Could you take the same formula and extend it? Sure, you could.

And I think what HELP One has shown is that there is a much better way to spend the money that you have been spending over the past 5, 6, 7, 10 years. You spend $240 million in New York State alone over the past 5 years. You spent $50 million in Westchester County alone this year. And really, it never provided the adequate service for the homeless, nor have you done anything to meet the ultimate need, which is permanent housing.

So, what we are saying is if you can take those dollars and provide better housing services for the homeless, and at the same time be paying off a permanent housing stock, why not do it? And it can be done, it works.

Mr. SCHUMER. Thank you very much. I think those are heartening answers.

We have been joined. We were hoping for Guy Molaneri so that we could have someone from all the boroughs here, but the Bronx now has double representation and we have a little Westchester too, by Congressman Garcia. Thank you for joining us, Mr. Garcia. Let me turn over for some questions from Bill Green.

Mr. GREEN. One of the things that obviously is impressive about what you have done, and also helps save interest cost during construction is the very fast track you manage to accomplish. Many of us have been concerned that we don't seem to be able to keep on a

fast track in constructing housing in New York City. The Mayor has had a program for some years of using community development block grant funds to rehab the in rem buildings. I think that is finally now starting to show results, but it has been like pulling teeth, to be honest.

In the HODAG program that was adopted by Congress in 1983, again thanks to Congressman Schumer, the first money came to New York City in 1984. The law had a requirement that units had to start, not be finished, but start construction within 2 years of the allocation of the money. At the end of the 2 years, there were still seven projects that had not gotten started. We took care of that legislatively, at the end of 3 years, there were still two projects that had not been started. It was a little harder to take care of it legislatively this year, but we did that in the continuing resolution. There were a lot of other parts of the country that saw this money sitting there, and wanted to grab it.

Mr. SCHUMER. A lot of other people got taken care of in the continuing resolution as well.

Mr. GREEN. Yes, that is another story.

What were you able to do, and how can we bottle it so that everyone can do it to get housing in New York City on a fast track?

Mr. CUOMO. Congressman, I don't think there was any special formula here. Tishman Speyer, who was the actual developer, did he move very quickly and perform admirably? Yes, he did. But I believe that the HELP One experience is an equal tribute to how quickly and effectively Government can move. New York State was involved, they provided the financing; New York City provided the land. But not only did they provide the land at no cost, they also expedited all the regulations and approvals and certifications that we needed to build.

Without their involvement, and without their clearing the way so to speak, pardon the pun, we could not have gotten into the ground that fast no matter how quickly a private sector developer could move.

Mr. SCHUMER. Was this using UDC powers, because that is one mechanism that exists under State law?

Mr. CUOMO. We did use UDC to transfer the property to HELP, which was a not-for-profit, yes. And that did expedite the process. It expedited the land transfer, there is no doubt about that. UDC shortened the time frame on the initial transfer. New York City, through the offices of Mr. Koch and Bob Esnot, expedited all the approvals and regulations. And once we got into the ground, the private sector, Tishman Speyer down the road, the whole development team, moved it right along.

Mr. GREEN. Thank you.

Mr. SCHUMER. Congressman Biaggi.

Mr. BIAGGI. Thank you, Mr. Cuomo, for your excellent testimony. HELP One is clearly a very unique situation, and your explanation of turning over an asset free and clear of any obligation to the city makes the option very clear. There is no reason in the world why this shouldn't be pursued and provide permanent housing very quickly.

Whether we can continue to use the fast track on a much larger project remains to be seen. This is special and there is a lot of po-

tential. But some of the witnesses, on another tack, indicated this morning that once they were in a shelter environment, they were kind of locked in. Mr. O'Neill testified on Wards Island, many folks needed and wanted jobs if they could be given the jobs, but no one ever informed of the availability of jobs or gave them any counseling. On page 3 of your presentation, it says, "HELP recognizes that a family needs social services and assistance such as day care, and apartment finding assistance and counsel." And the conclusion is exactly what we were thinking about when we raised the question this morning. The average length of stay in these shelters is 7 months as contrasted with 15 months without those services.

Now you say HELP recognizes that a family needs these services. Is HELP providing these services at this point?

Mr. CUOMO. Yes.

HELP runs what is referred to as a tier two shelter. Under the laws of the State of New York, the regulations promulgated by the Department of Social Services, they have set up what is called a tier two family service center, which as opposed to only providing shelter, also provides social services on site. And New York City has aggressively moved toward the construction and operation of these tier two shelters.

The track record is clear. The Red Cross only for the homeless, run a number of tier two shelters. The theory being,as we have heard here today, that when you give the family on-site help and you give them someone to help them find an apartment, someone to watch the children during the day so they can go out and find a job and look for that apartment, they get their lives back together much more quickly. They do not want to be in a hotel or a motel room. They do not want to be in a HELP One facility. They want to be back out on their own.

When you give them that help, the length of stay goes way down. The cost at a tier two is somewhat higher than a hotel or motel reimbursement rate, but the length of stay and the experience in this area is relatively short. It is about 7.5 months in a tier two as compared to 15.44 months at a hotel or motel setting. So, the length of stay is a little bit less than half, even with the per diem rate which is higher at a tier two, it is still a more cost effective alternative. So, it more humane, because the family is back out on their own in a shorter period of time, and it is also more cost effective because the actual cost per dollar is less.

And if I may just make one other quick point, Congressman, on your point about the uniqueness of HELP One. What we tried to do with HELP One, and what I think we accomplished, was develop a model, more than just a 200-unit facility. A model which was easily replicable. Were we in the ground very quick at HELP One? Yes. Can we use UDC to transfer the land again? Sure we can. We have gone to Westchester County where we are looking at 4 sites for a total of about 258, where it is not a project as large as the Brooklyn facility, but four smaller projects for a total of 258 units. We are in Westchester County for a 24-unit facility with the same formula, the same mechanism. UDC comes in and transfers the same, New York State brings the bond financing, the private sector builds. So, I think it is replicable.

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Mr. SCHUMER. Thank you. Congressman Ackerman from the Borough of Queens.

Mr. ACKERMAN. Thank you. I hope our admiration for what you have done is obvious. Let me ask you this. You describe the HELP One facility as a permanent housing facility. Just to clear up any misconception, it is your intent that these people will be transitory through this and be able to find housing on their own or be assisted in finding housing on their own? This is not intended to be permanent housing for these people permanently, is that accurate?

Mr. CUOMO. Yes.

If I gave you that impression, I apologize. This is a transitional housing facility. It is funded through a social service funding stream. The average length of stay, as we were just discussing, is hopefully about 6 or 7 months.

Mr. ACKERMAN. So, this is permanent housing for people hopefully temporarily in need of permanent housing?

Mr. CUOMO. It is a permanent structure designed for transitional use, funded through social service dollars.

Mr. ACKERMAN. All right, now that we have all that straight, what is going to happen to all of these people, if we can and I don't see why we shouldn't be able to replicate this in some fashion, what is going to happen to all those people who are going to pass through HELP One, and HELP 49, and HELP 2,000, or however many of these we need? Where are they going to go?

Mr. CUOMO. Congressman, first of all, you are exactly correct. This is a transitional housing facility. Families will move in and move out, hopefully, very quickly. I do believe there is a need for transitional facilities. I don't believe you can take many of these families and put them right into a permanent unit was available and now expect that family to be able to make rental payments, be able to take care of their families, et cetera. I think there are families that need a period of support and reorientation, if you will.

Do transitional facilities eliminate the need for permanent housing? Of course not. Permanent housing is the ultimate need, in my opinion. When families come through a HELP One facility or through the other tier twos or out of a shelter, they are going into the permanent housing available or the efforts of New York City and New York State, the Housing New York Program, New York City's efforts in rehabing in rem. I don't know the numbers specifically, but they are significant. And that is the housing stock that they are moving into. The transitional units do not eliminate the need for permanent housing, but I think that they are a need in and of themselves.

And what I was saying about HELP One is, yes, it is transitional for a period while we are taking social service dollars, however, at one point it reverts back to the city. If the city does not want to use it as a homeless facility, if they want to make it affordable housing, rental housing. If they want to co-op it, condo it, they can do whatever they want with it at that time. And it is suitable for permanent occupancy at that time. It is a permanent facility.

Mr. ACKERMAN. Very briefly, are the people screened, are they job counseled, and are they assisted in finding permanent permanent housing?

Mr. CUOMO. Yes, they are. It is a tier two facility and that is all done on-site. They have counseling, social service assistance, et cetera.

Mr. SCHUMER. One of the things I think we saw from the previous witnesses was just what you said, that without some kind of counseling and acclamation into the real world, even if there is permanent housing out there, it is very difficult for them to find it. So, I think you need both the transitional and the permanent.

Mr. CUOMO. Yes.

Mr. SCHUMER. Congressman Garcia.

Mr. GARCIA. Thank you, I will be brief. Who is your contact person so that our staff can get in touch with your staff so that we can try and get some information as to possibly doing something like this in other boroughs, particularly the Borough of the Bronx?

Mr. CUOMO. I am my own contact person at your convenience.

Mr. GARCIA. All right, I will call you.

Mr. SCHUMER. Thank you, Congressman. I'll make one final point, just in terms of number and feasibility. The New York City homeless population is 28,000. Of course, some are families and some are single. If you took the cost of providing them with a HELP unit, using HELP One as a model, if my mathematics is right it would cost $490 million, a considerable sum. That is one one-quarter of the cost of the cutbacks that the Reagan Administration has made in housing. In other words, the difference between 81 and 87, you take a quarter of that, and you could house every single homeless person in a HELP One type facility.

I think it is imminently feasible, and on behalf of my colleagues, Mr. Coumo, we want to thank you both for being here and for taking time out of your busy schedule, but more importantly for what you have done and how you have set a trail that we can hopefully all follow.

Mr. CUOMO. Thank you very much.

Mr. SCHUMER. Our next set of witnesses is somebody who needs no introduction. Everytime we have had a hearing on the homeless issue and have asked the mayor to come, he has immediately been willing and able to give us his time, which we appreciate. He is joined today by Emanuel Popolizio, who has done an excellent job as Chairman of the City Housing Authority; and this is his first hearing as Housing Commissioner, although he sat through many, he is the new Housing Commissioner, former Finance Commissioner of the city, Ed Biderman.

Before the mayor begins I would like to say two things. First, Mr. Mayor, the purpose of these hearings, and we have had some eloquent testimony before you arrived, is to show that the problem of homelessness, a graphic problem, a problem all of us care about, is directly linked to the lack of housing funds, the lack of permanent housing. The inability of the city, the State, to use transitional housing. If you look at the charts there, they show that New York City last year was only afforded 325 units of new housing. The number of homeless people who are not housed, but could have been housed if we would have kept the level of housing the way it was back in 1981, it certainly would have greatly limited the number of homeless. It might have even eliminated the number of homeless.

So, the fact that so many people pay attention to the homeless problem, so few people at least in Washington, pay attention to the housing problem, is a conundrum that we hope to break in fact with hearings like this one. You testified at our Washington hearing. This is one in New York. We are going to be having hearings like this around the country to let America know that the reason people are homeless is very simple, that we are not building any housing for them.

The second point I wish to make is that from my experience as chairman of the Homeless Task Force, what the city of New York has done has been unparalleled anywhere. It is very easy to criticize, and we can all. I am sure you can, your Commissioners can, all of us can find a great deal of criticism as to how the shelters are operated and what the policy is, et cetera. That is true in any government. But to me, what is more important than that, is the fact that this city has really tried. You go to Washington, you see people sleeping on the heating grate of the White House. A block from the White House is a big heating grate, and tonight there will be 20 to 25 men, women and children on that grate. That is true throughout so many cities in this country.

That is not true in New York. And that is not true because of the desperately fought over city dollars, this mayor has allocated a good amount for the homeless. And I think you deserve all of our praise. I have said it to many of the groups. We always hear them criticize, it is their right to criticize and they should be. They are trying to make things better for people they care about. We should also be hearing a little bit of praise because people respond to carrots as well as sticks. And I would like to toss you a carrot, Mr. Mayor.

Mr. KOCH. It is good for my diet.

Mr. SCHUMER. I hear you are not eating too many carrots these days. You are eating more avocados than carrots, it seems.

In any case, Mr. Mayor, without objection your statement will be read into the record, and you may proceed as you choose.

STATEMENT OF EDWARD I. KOCH, MAYOR, CITY OF NEW YORK; ACCOMPANIED BY EMANUEL POPOLIZIO, HEAD OF THE NEW YORK CITY HOUSING AUTHORITY; ED BIDERMAN, NEW YORK CITY HOUSING COMMISSIONER; AND JOE GRINKER, COMMISSIONER, HUMAN RESOURCES ADMINISTRATION

Mr. KOCH. The gentleman who has just joined us is Joe Grinker, the Commissioner of the Human Resources Administration.

Mr. SCHUMER. He lives in my apartment house and he comes in often as late as I do, so he is working very hard.

Mr. KOCH. What is interesting to me is how few people know how hard these people work and how effectively they work within very difficult monetary frames and needs that are so huge. I am going to summarize my testimony, Mr. Schumer.

It is true that I appeared before you in Washington, and my testimony isn't much different today than it was then, but I am going to try and add a little to it. The problem of housing is the most intractable of all the issues that relate to money expenditures that we have in the city of New York. The need is so enormous, that is

not possible for us to meet that need locally, and I am convinced the Feds will never meet it from Washington, although they should do much more then they are currently doing.

If we were to meet every one of the goals that we set for a 10-year program, then we would be creating or rehabilitating or maintaining a total of 252,000 units, of which only 66,000 are totally new built from the ground up. The others involve rehabilitating in rem apartments, or preventing apartments from going into abandonment, and the estimates are that in that 10-year period, half a million apartments would barely meet the need. Now, those are the dimensions of the problem, so what is it that we are seeking to do?

You know, if I wanted to be a Pollyanna, I would simply say that the problem is doable and it is only the Government that is the bad guy, and that everybody else is innocent, and all of the people coming into our units should be perceived totally as victims, and there is no responsibility on their part. And that is not true. It is not true. There is a family breakdown that is adding to this. A substantial number of the families that come into our hotels have been evicted by their own families. That is a fact.

You can say nobody has to live doubled-up, but it happens today in our New York City Housing Authority, a minimum of 35,000, probably more, families are living doubled-up in the 170,000 apartments that are there. And they have a call on our financial expenditures, and a certain resentment that because they continue to stay doubled-up, that someone who declines to be doubled-up or is expelled by their family, goes to the head of the line. You know, people don't want to hear this. It sounds heartless, but these are facts, and there is resentment.

Andrew Cuomo did a wonderful job on the HELP One. I got here a little late so I didn't hear his whole testimony, but HELP One was not received in that community by everyone coming out and saying, "Come on." We had to fight. And here are some reasons why. There are very few communities that welcome housing for families without shelter. Some of the reasons that they will give are, "Why them and not us?" Why do you take people out of Manhattan hotels when we have people who are doubled up here and are in need. That is always the case. Or we have people who are living in substandard housing, and you are building new housing, why don't we get our share instead of providing it to people who never lived here before?

And then you try to explain, it is a question of triage, it is a question of who is most in need. They don't want to hear it. Or after they got rid of that one, they will say, "We don't want these families. These families have lots of pathological problems that cause a lot of problems for us and we don't want them." And then we explain that is not true. There are some who have problems. And the bottom line is, we have to get it done.

And you ask, Bill Green and others, why does it take so long? It takes so long because we have imposed upon ourselves such restraints and limitations and community control, and community input, that it takes so long. Now, some of it is worth keeping and some of it is worth junking. I think Mr. Cuomo reported that the builder, Jerry Speyer, is building for nothing. There is no profit here. I don't know whether he told you that. And he will build as

many units as we can. And I want to tell you that while there is a lot of savings here, it wasn't the maximum savings, because the unions wouldn't cooperate to the extent that they should cooperate.

If the unions had allowed, this is my recollection of the figures I am dredging out of my 29-year-old brain, it is $65 a square foot if you use stick and mortar. HELP One cost $45 a square foot, and it would be $20 cheaper, and this is how I recall it, if they had used all of the technologies which allow for factory housing. The unions wouldn't do it. They allowed some, but instead of having all the plumbing and whatever else you can do in the factory, a complete unit, they still require you to do on the job, things that are done much more cheaply in factories by union labor.

So, we haven't gotten as far as we would like to get, even on the costs, but we are saving money. There is no question about it. Andy's units, and I heard Mr. Cuomo say that, cost more than hotels because we are providing more services than are provided in the hotels. Now, when we talked about permanent housing, these are permanent buildings providing transitional housing. They are not going to be knocked down or disappear. And if, God willing, some day there are no homeless families, we will turn them into studio apartments for somebody.

We have two groups of people who are in desperate need. One are family members, and the other are single individuals. Mr. Chairman, when you said in Washington, men, women and children are sleeping on the grates, and there are none in New York City, you have to make a distinction. There are no family members sleeping on any grates in New York City. I defy the advocates who always say, "There are families out there in the cold." It doesn't exist. Somebody is going to find me one family, I am sure, sleeping in some car. But the truth of the matter is there is not a family in the city of New York that doesn't get warm beds with sheets, the minute they knock on the door.

They may have to go into a congregate shelter, and then we get attacked for that. Or they may have to go into a hotel, and then we get attacked for that. Or because they are new, we don't get attacked yet for tier two in HELP One, but we will; sooner or later, those will be attacked as well. And the fact is, I know that they are. Because the attack now is: "Why are you building a 400-square-foot apartment which is much too small for a family with three or four people in a family, two or three children and a mother? Why don't you give them a regular apartment?"

It is very simple. If we gave them a regular apartment, they would never move out. They would stay there forever. You have to be crazy to move out of a regular apartment. It is going to be tough enough to get them out of this one. And why do we want to get them out? Because there is a constant need for temporary shelter, in addition to the need for permanent shelter. And one statistic that still exists, thank God, otherwise we would be so overwhelmed it would be impossible, is that 60 percent of the families that come into our hotels find their own apartments. Forty percent do not.

If we had to get the apartments for the 60 percent, we couldn't do it. Therefore, you don't want people to be placed in a permanent apartment in this temporary need and eliminate those 60 percent

who go out and get their own apartments. Otherwise, the problem which is baffling to solve as it is now, will become impossible.

Now, the families, there are about 17,000 or 18,000. Everytime I look at a new paper, they change the figure on me, but somewhere around 17,000 or 18,000 family members, 5,100 families and 10,000 to 11,000 single individuals. Let's take the singles first. We put them into dormitories. The dormitories are overwhelmingly armories: State armories, city armories. And some of the armories we only have about 200 people in, and in some of the armories, we have 1,000 people in them. And the advocates will always say we don't have enough beds. Nobody has ever been turned away, but the advocates like to say that.

I remember not too long ago they said 600 people were turned away, and that was a night that we had 1,000 extra beds that were unused, it is my recollection that our people told us. And you never catch up with these statements. Or they will say, "The dormitories are unsafe, and that is why people are out on the street." That is ridiculous. Is it safer out on the street than it is in the dormitory?

And if you look at the figures as it relates to crime in the dormitories, far less than in the city at large. Because do you know how much we are paying for guard service in those dormitories? It is like an airport, first you have to go through to see whether or not you have any weapons. We are spending $30 million a year, I think that is the figure. $30 million a year for special guards in our shelters. That is a lot of money. You don't have that in regular apartment houses. I am not talking about the rich with doorman, I am talking about ordinary apartment houses. We are spending $30 million for guard service. Now, there will be occasions when someone will be assaulted, that happens regrettably even in the most protected areas of the city.

But the advocates, and this will sound Machiavellian on my part, as though I am thinking that they are Machiavellian and they have an agenda which is to bring down the whole system. The truth is that is what I think, that is exactly what I think. Now, what I mean by that is you break the system by saying that the system is no good, cannot be repaired, cannot be improved. You have to change it. Every single person who is without an apartment, who comes to New York City or lives in New York City for an extended period of time is entitled, is their position, legally and certainly morally, to a permanent apartment.

Sometimes I try to point out the idiocy of such a position by saying, "You say to me the 11,000 people in our dormitories tonight, everyone of them is entitled to a studio apartment?" By studio, I mean a one-room apartment. And then, they sort of back away, but that is exactly what they mean. Are you saying to me that every person who is now doubled up in the city of New York, that they have a claim on the taxpayers and the treasury that we will build them an apartment that cannot cost less anymore than $65,000 in our in-rem stock. And I say, if you want me to stop building sewers and schools and hospitals, fine. We are going to spend a billion dollars on improving our hospitals, it is all part of the capital budget. If you want me to say, "The hell with all of that, and everybody that wants an apartment, we are going to

guarantee it." Then, we are all going to be in the soup. It is not possible, not possible.

So, we do the best we can. And what is it that we are doing? Well, about 4 years ago when we started our program and there was a change which was to provide permanent apartments on a limited basis, within our fiscal means to provide it. When we started, we weren't doing as much as we are doing now, we are doing 4,000 apartments a year in the in rem stock exclusively for people who are defined as homeless families, not single individuals.

Mr. SCHUMER. Permanent or temporary?

Mr. KOCH. Permanent apartments.

Which cost, originally when we started the program, because we were taking apartments that were vandalized in buildings that were still occupied, the cost would range from 12,000 to maybe 25,000. Today, that stock is over with, and we have to go into totally vandalized buildings, nobody there, and it is $65,000 minimum to rehabilitate such an apartment because you have to put in all the systems. So, there is a limit to what you can do.

I will tell you what we have done, in the course of the last 4 years, we have created more than 12,000 apartments for this homeless family group that come out of our hotels, or immediately before they went into the hotels coming out of substandard apartments which would have required that they go into the hotels. 12,000 families, and that means 50,000 people. I think the average town in the country is about 2,500 people or something like that, that is when they call it a town.

Mr. SCHUMER. You are not supposed to do that.

Mr. KOCH. I am not denigrating a town, but I think that is what they need, 2,500 people makes a town.

50,000 people have been taken out of these circumstances and have been put into permanent apartments. And when we started the program, there were only 2,200 families in the hotels, roughly 8,800 people. We have taken 50,000 people, 12,000 families. We started with 8,800 people, 2,200 families, and today 5,100 families are in our hotels. So, it is endless. And the more you build, it is like highway, the more you build, the more people will want these apartments. And I am not saying that is wrong, but I am saying the city of New York cannot be in the situation where we are going to guarantee, which some of the advocates would like us to, an apartment or an efficiency, studio apartment, for every person or family that comes to the city.

And I don't know if I have the facts right, and if I don't, please somebody should jump in and correct me. But I think Newsday had an article on Sunday and somebody is here from Newsday, so I am sure if I am wrong, they will tell me later, that a woman left her husband. They were living in Fort Dix, and they had an argument, and she left and she took the kids with her. And she had a job, and she got different apartments. And then she couldn't keep up with it any more, the children, so she gave up her job and brought the family to New York City, and she went into our hotels. She didn't speak highly of the hotels, and I understand that, and I will get to that in a minute.

But then, she was extremely praising of us because we have given her apartment. We have given her apartment. Now, we can't

distinguish between people who cross the Hudson and people who were born here because the U.S. Constitution says whatever you do for any citizen in your town, you have to do for any citizen no matter from where they came and no matter when they came. And I approve of that, but isn't there something ridiculous about it. This family is now praising me, and I am telling you there is something ridiculous about it.

I will give you another illustration, this appeared on the front page, second section of the New York Times about 2 or 3 years ago. A church group decided that in Hoboken, because the Government didn't have facilities for single people, that the church would open up 20 beds, and the church had a limit, which was 20 for safety purposes. The article said when the 21st and every person thereafter would come to the door, the nun would give that person a token to get on the PATH subway, which at that time was only 35 cents when we were 75 cents, is my recollection, with this admonition, "Go to New York, they will take care of you." And we do, we turn nobody away.

Now I want to get to those people, because there are people out on the streets. There is no question about it, and we don't know how many, maybe a couple of hundred, maybe a couple of thousand. But we know this, that on a freezing night, when the temperature goes to 32 or below, there is a rule put in by me, that a cop has to stop any person who thinks is homeless. These are single individuals, and if the cop isn't sure if that person has a warm place in which to spend the night, that the cop will say, "Won't you come into one of our vans and we will take you to a shelter." And we will send a van. We send vans every night to Grand Central and to the Port Authority and to a couple of other places, to the end of subways. We send vans to pick these people up voluntarily.

And if the person says, "No," then the cop has to make a decision. Is this person capable exercising a judgment to sleep out on the street? If the cop believes that person is, and there are, lots of people maybe have impaired judgment, but they are not so impaired that you can take them against their will. If the cop thinks this person is so impaired, he cannot even make a decision by himself. He has to call the sergeant. If the sergeant says, "You are right." Then they take this person against his or her will to the hospital emergency room, and then a doctor decides whether the police decision was right. It is very small numbers. My recollection is I asked for those numbers recently, and the numbers have gone way down in terms of what they call the voluntarily transportation and the involuntarily transportation, and I am giving you now a figure that sticks in my mind as of 2 or 3 weeks ago. I think only six people were taken this winter to the emergency hospitals, and not a very large number voluntarily got on the buses.

The advocates are out there saying, "You don't have to go." It is true, but why do they tell them that? Why do they encourage them to stay out on the street? Is it because they think if everybody stays out on the street we are going to have to build efficiencies? Maybe, I don't know. I don't know what the plot is. But there is no question that it is harmful to the individuals.

Let me bring my testimony to a conclusion. We have a program, we are going to spend $4.2 million and the city portion is fully

funded now. We have taken Battery Park money, there is $350 million of this whole $4.2 million dollars. There is a lot of money that remains still not appropriated because it is supposed to come from the Port Authority. I hope I see the day when they meet that obligation, but that's all. Everything else has been fully funded with city dollars basically. And the State has thrown in some extra dollars, particularly for the homeless.

And we are going to build, as I told you, 252,000 units for moderate level low-income people, and on top of that 4,000 units a year. That is in our capital budget for those who are strictly homeless. Now, to expand this, we need Federal help. I don't have to go back into your figures, you have already given those figures. There is no Federal help. And the city of New York I think is the only city in America, there may be others that you are aware of, that is doing anything to take the place of the Federal Government having given up its obligations.

Now, the hotels. Everybody talks about the hotels. And we made a pledge, and I hope we are able to keep it, we are going to do everything we can. It is going to be very difficult. We are going to get all of these people out of the hotels in a 5-year period, right. And aside from that, you were very good and able so that we won't lose any money for this year. God knows what is going to happen for the 4 years thereafter. I don't know whether we are going to be able to perform the same ledge of domain. I hope so. But let me tell you, with all of this yelling and screaming about the hotels. I mean, obviously these are flea bag hotels. The rent is $65 a night for four people in a room. That is $16 a night. I don't think that is a lot of money per person. It becomes a lot of money because they have to be there so long. That is when it becomes a lot of money.

So, you can say why do they have to keep them there so long? And the answer is because there are no permanent apartments available. And the average stay used to be 13 months, I don't know what it is today.

Mr. GRINKER. A little over 12 months.

Mr. KOCH. A little over 12 months, and 60 percent will get their own apartments. What we will do next year, everybody that comes before you and says that next year we are going to be able to take every person out of this hotel, that is ridiculous. And between keeping them on the streets or keeping them in the hotel, where do you think we are going to keep them? We are going to keep them in a hotel. And then we are sued by the community in which the hotels are. I mean, Manhattan has the hotels in the city. So, my recollection is that something like 60 percent of the families are in Manhattan because that is where the hotels are. It means 40 percent are not. That is where the other hotels are. We are doing the best we can.

But no matter what we do, except for the kind words we got this morning from you, Mr. Chairman, and I think from your Committee as well, rarely does anyone appreciate the size of the problem and what it is that we are doing, and the intractability of it all. I think I have said enough.

Mr. SCHUMER. I am sure a lot of people would agree.

Well, Mr. Mayor, you have an enormous task ahead of you, and as I said, you are trying to do a great deal. In certain senses, one

wishes that the advocates would spend less time criticizing you and you would spend less time criticizing the advocates, and everybody would get together.

Mr. KOCH. I only do it for fun, they do it for other reasons.

Mr. SCHUMER. Anyway, let me save my questions for the end since my colleagues have been so good to come here and stay the whole time. Congressman Ackerman?

Mr. ACKERMAN. Thank you. You said so much, Mr. Mayor, it is hard to know where exactly to begin, but let me pick up on something that Congressman Schumer started with and just mentioned again. You have done personally so much for the homeless, probably more than any other mayor in the entire country and perhaps more than all of them put together. The city of New York has provided more funds and more shelter than the rest of the country has. It is a tremendous and very difficult undertaking, and you are doing a great job.

The advocates, I must say I think are doing a good job as well. It is their job to keep our feet to the fire, as uncomfortable and as warm as it may get sometimes, that is their prerogative. And as Jackie Mason might say, "If they are doing such a good job, and you are doing such a good job, how come the homeless ain't doing so good?" I think that is where we are, and maybe we should spend a little bit more time coordinating some of the efforts.

I have one concern, listening to the entire overall program, and that is what happens next? Is anything going to happen next? We seem to be addressing the issue without any real coordination of services as to what is going to happen to these people. Most New Yorkers, historically, didn't need people to go out and bequeath them an apartment, to give them permanent housing on a temporary basis, or temporary housing on a permanent basis, however you want to put it. And that is because they had jobs. They were able to go out, they had a sense of dignity, they had a work ethic, they had money in their pockets.

Mr. KOCH. Let me interrupt. There isn't a person in this city who is physically or mentally able who can't get a job today. Now, that sounds bestial, but I want to tell you why it is true. We have the lowest unemployment rate in the city of New York in something like 17 years.

Now, you may not get the job that you want, and I am not now talking by the way about those people who have just been laid off in the financial industry and are making huge salaries. You cannot ask them to take at least in the first 6 months or so, jobs that are going to so vastly reduce their standard of living, so I am not talking about them. But I am talking about the unskilled in this city. There isn't a person, provided they are physically and mentally able, that can't get a job today. They don't want to.

We went through a period earlier on when we brainwashed people. We said, "Get a job. How are you going to advance your career ladder?" Now, I will give you a little story. I was in our Harlem shelter, maybe over a year ago. And wherever I go, people always say, "We want a job, mayor." And this young man, I would say 25 to 30, says to me, "Mayor, I want a job. Get me a job." And I thought to myself, another one of these catcalls that I have heard so many times. So I turned around and I said, "Will you take a job

as a dishwasher?" He said, "Yes, Mr., I will." Well, that took the air out of me. I said, "I am going to get you a job."

And I put into effect a program where we have gotten in our homeless shelters, thousands, thousands of them have now gotten jobs. And the program is relatively new, so we monitor them. Have they been on for 30 days, have they been on for 60 days, because we are paying people to train them. And the training is not to give them new skills, it is to freshen them up and to get them clothing, how to be interviewed. You know, give them back their sense of dignity. And then if they don't hold the job for the 30 days, we don't pay the placement fee. That is why we keep this.

We have a wonderful track record. I can't remember all the figures. We had a press conference a couple of weeks ago of the enormous number who are still working. Now, we have put that into a number of our single shelters. It was done at my demand, not request. We have put one now into the women's shelter, and we are starting to put them into the family shelters as well. You are not aware of that?

Mr. GRINKER. No, we are looking at one of the hotels.

Mr. KOCH. All right.

So, we are doing it, but what I am trying to convey is that there are jobs in this town if you have the willingness to take what used to be called a menial job. What is a menial job? It is a service job. Now, if I tell you this, people will say it sounds silly. Is a menial job being a busboy? A lot of people think so. I was a busboy. Is a menial job being a shoe clerk? I was a shoe clerk. Is a menial job serving in a grocery store over the counter, or in the A&P being a packer? I have done both of those. Those are not menial jobs, those are jobs that don't require skills.

Mr. ACKERMAN. Mr. Mayor, you started by saying people that have the physical and mental ability.

Mr. KOCH. Right.

Mr. ACKERMAN. Part of the problem is that we are dealing with a large segment of the population who have sometimes limited physical or mental disability. Some of them don't have 29 year old brains on all occasions. Some of them need a little bit of help and direction in finding those jobs.

Mr. KOCH. Correct. That is why we have put in these programs.

Mr. ACKERMAN. I am glad to see that that is starting.

Is there some way that the city can institute some overall agency or some superagency head that would do two things. No. 1, provide a directory of employment of these jobs you may call menial or otherwise within the city that the people can have, and also a directory of available rental units?

Mr. KOCH. Well, the rental units, there is no directory because there are no units. It is as simple as that.

Now, I want to tell you what it cost to train somebody, even though you are not giving them a new skill. My recollection is something like $1,700 for the men, and $1,900 for the women, something like that. Right?

Mr. GRINKER. That is what this program costs.

Mr. KOCH. That is what this program costs. It is worth it. It is absolutely worth it, but I want to tell you in terms of housing, there is no housing and I will give you the best illustration of that.

We had a Federal program authorized and then the Feds walked out with it. It said if a landlord would give us a lease for 32 months at the rental that the State allows for a family of four, it is now $312 a month, it used to be $270. We would give to that landlord up front, $10,000. And then after that, I think after the first 4 months, he would then have to charge the rent. That is a huge amount, and the Feds were originally a part of it, and now they have said that they won't pay it, which they have said about a lot of things.

Now, my recollection, and Abe, when he was the finance director, sent out a letter to every landlord in town telling them at my demand. I even went over the graphics with him. You know, "Make $10,000," with graphics to try and encourage people. My recollection, because I haven't looked at this for a long time, we got about 400 apartments, something like that. Nothing! I mean, if it was so easy, if it was just a question of money, why wouldn't these landlords come in and take the $10,000? They didn't want to.

Mr. GREEN. Mr. Mayor, that leads to the question I'd like to ask. You have put a number, 250,000 units with ten years as a goal, and 500,000 as what you really need.

Mr. KOCH. Right.

Mr. GREEN. And I agree with that number, because if you assume the average housing unit is going to last 50 years and you look at the number of housing units we have, you need the 500,000 housing units in 10 years. There was a time when, not we, but private sector built that kind of units per year in New York City. It didn't take Federal money, it didn't take UDC, it didn't take Board of Estimate hearings. They built, they built under the zoning, they built houses right, and they built.

Mr. KOCH. Right, and why isn't that happening?

Mr. GREEN. Why doesn't the city get back to it?

Mr. KOCH. I am going to tell you, if you have the time. We have embarked upon a program to build moderate, middle income housing in addition to the low income housing. Tibbetts Garden was the best illustration of that. We wanted to build 1,000 units in an area called Kingsbridge Riverdale. Every legislator was against it, and it would have allowed middle income people to buy a two-bedroom coop for $106,000, financed in a way that a family with a family income of $33,000 could afford. That is not bad, is it? I mean, that was the way we have packaged it. The resistance to that was so enormous.

Where was the resistance? From the people who lived in that area. Anybody who has a house, they may say there is a housing shortage, but they don't really care about it. I mean, it is in the abstract, but when we said we are going to build in this area, on a barren field, something like eight acres, something like that. And they came up with all sorts of phony excuses, and we tried to deal with all the excuses, phony or substantive. And they said, "We need a school." A couple of years before, they didn't want a school there. Now that we were going to build, they want a school. We said, "We'll build a school too." That is not enough. We had to bargain down the units. In order to put the votes together, instead of 1,000 units, in order to get the last vote necessary to pass it, we had to reduce it to 750 units. And the builder, Fred Rose, is building without profit. And that you can't get people to accept or be-

lieve, but I am telling you it is true. Profit for a builder is ten percent of the cost, and he has waived every dollar.

Mr. GREEN. What is the subsidy now?

Mr. KOCH. The subsidy for those apartments will be a maximum of $25,000.

Mr. GREEN. That is all?

Mr. KOCH. That is all.

Mr. GREEN. Even with the shrinkage?

Mr. KOCH. And we expect it to be less. That is the maximum.

Mr. GREEN. I thought I read somewhere it was going up above the $25,000.

Mr. KOCH. Mr. Biderman, do you want to answer that?

Mr. BIDERMAN. It is about $25,000, and we are also providing a construction loan to keep the cost down. But the actual subsidy is $25,000.

Mr. KOCH. And what we are doing for low-income people is providing a subsidy of $43,000 in the in rem housing that we are building in central Brooklyn.

All I am simply saying is why is it that you can't get the private sector back? First, when they come back as I have already told you, you got this enormous resistance. I don't want to attack people politically, I have been through that already and I have paid my dues, but I am just telling you that there is enormous resistance. That is No. 1.

Mr. SCHUMER. Is the land available?

Mr. KOCH. The fact is we have identified 20 sites of acreage of land in the city that we are going to be offering.

Mr. SCHUMER. Acreage meaning large sites, an acre or more?

Mr. KOCH. Yes, more than an acre. Twenty sites with acreage, that is the only way that I can describe it. That we are going to be offering for moderate, middle income housing to be built, and we will send out our fees on it, and whoever can build it the cheapest. We are not interested in selling the property, we are interested in bringing the price down.

Now, why is it that the private sector won't come in? It has nothing to do with rent control. Rent control may have had an adverse impact 20 years ago, not today. First, rent stabilization allows annual increases based on the increased costs of the landlords. And if they don't think it is enough, they can challenge it in court, and they don't because they can't win because it actually is adequate. And the tenants are always yelling the other way, they don't want to pay anything. You know, it is normal in this town. Nobody wants to pay, nobody wants to be old.

Anyway, rent control is not the problem because anybody who builds without subsidies is not under any kind of rent control of any kind. Yet, I am willing, and I have made the offer, we are going to the State Legislature and entering into a 40-year contract. And I have said that, come in and say you will build.

Mr. SCHUMER. Well, the rate of building and abandonment conversely in cities that haven't had rent control since World War II, Philadelphia, Chicago.

Mr. KOCH. It is the same, yes, that is its only issue. And that is why the Federal effort now, which I know you will resist, I hope you will resist successfully as you have in the past, to eliminate

something like $20 million a year to us if we have rent controls, is absolutely outrageous.

The longer he stays in office, and I happen to like President Reagan, his character, his personality. But the longer he stays in office, the more damage he does.

Mr. GREEN. Mr. Chairman, I am going to have to excuse myself, the VA Hospital in my district is opening an AIDS ward this afternoon.

Mr. SCHUMER. Well, thank you very much for staying. Congressman Garcia hasn't had a chance to ask questions, nor has Congressman Biaggi, if the mayor could stay for a few more minutes.

Mr. KOCH. Sure, I will.

Mr. GARCIA. Mr. Mayor, with your permission, I am going to pass you and go over to Mr. Grinker.

Mr. KOCH. That's better. I am exhausted.

Mr. GARCIA. You rest a little bit while I talk to him.

Mr. KOCH. Fine.

Mr. GARCIA. I would just like to go into yesterday's Times' article on the welfare grants and cash for the homeless people. In the very first section, it talks about the effort to settle a law suit. Was there anything in that article that was omitted that you would like to place on the record today as it pertains to the welfare grants and cash to single homeless people.

Mr. GRINKER. I think it was a very thorough article. What we are trying to do really is establish a system where there are certain benefits to the clients who are coming in, but also certain responsibilities. And we see the concept of applying home relief to those eligible as providing that kind of system. So, we are working with the State in terms of developing regulations which will provide that kind of program. And I think that is what the article reflected.

Mr. SCHUMER. Congressman Garcia, the mayor has people waiting for lunch. He is engaged a technique used in the Senate long and hard, which is he has talked on every subject, so we can't ask him questions. But Congressman Biaggi has one question he would like to ask you, and then Congressman Garcia, the Commissioners will stay.

Mr. KOCH. Yes, they will.

Mr. BIAGGI. Before you testified, another witness testified that he was living with seven other residents and most of them were looking for jobs. He lived on Wards Island.

Mr. KOCH. That is our best facility.

Mr. SCHUMER. He said that.

Mr. BIAGGI. He said that, yes.

Mr. KOCH. That is the Concord. It looks like it from the outside, it does.

Mr. SCHUMER. You mean the one that flys, or the one that is in the Catskills.

Mr. BIAGGI. But he said what was missing was the kind of advice and counseling that is necessary in order to direct these folks to get jobs.

Mr. KOCH. That is right.

Mr. BIAGGI. He talked about minimum wage and jobs are available. I agree, there are countless jobs out there for people if they want to work. And I was glad to hear what you said about the pro-

gram. Apparently, something attention should be given to Wards Island.

Mr. KOCH. I don't know if it is out there. Do you know about that?

Mr. GRINKER. We don't have a program at Wards Island. As the mayor has indicated, we started at the Harlem Shelter, we are now at two or three other shelters with men and two or three shelters with women that we are having an employment program. Again, it is a question of dollars available. As you may know, the Federal money on job training partnership act has been reduced, so we are under considerable pressure there too in terms of initiating these programs.

Mr. KOCH. We need some more money. It costs $1,700 for each man.

Mr. BIAGGI. That is an excellent program.

Mr. KOCH. It is a wonderful program. It is a huge success.

Mr. SCHUMER. I have one final question, Mr. Mayor. Andrew Cuomo was here. He testified about HELP One, he was very laudatory of the city's efforts in helping him.

Mr. KOCH. He has done a brilliant job.

Mr. SCHUMER. The question that I guess dawns on all of us is, why can't many more HELP One facilities under the same rubric be built?

Mr. KOCH. We are doing that. That is the way we are going.

Mr. SCHUMER. Is that part of the plan to get rid of the hotels by 1992?

Mr. KOCH. That is the tier two shelter.

Mr. SCHUMER. Mr. Mayor, thank you. Thank you for your lengthy explanations of housing, jobs, and life in New York.

Mr. KOCH. I try to do my best, thank you.

Mr. SCHUMER. Congressman Garcia, you may resume the questions.

Mr. GARCIA. Just to follow up. How long did it take you from the point at which you decided to follow through with this program to the point where you were able to announce it?

Mr. GRINKER. We started to establish a task force to look at this last spring. And they came out with recommendations this fall to go in this direction. And since that time, we have been having some preliminary discussions with the State, and at this point in time, we believe that we are far enough long in terms of reaching an agreement on it, so that we could do it.

Mr. GARCIA. Just let me say this to you, that as far as I am concerned, reading that article, I just think that it is really a positive step. And I know that the efforts to settle the law suit in Times, however it came about, I know that these things are not done easily. But the fact that the step was taken, I must tell you as one who has a shelter in my district up in the armory there on Fulton Avenue, I can tell you without hesitation that I believe this is really a step in the right direction. And whatever way we can be of some assistance to you, I would hope that you would call on us.

Mr. GRINKER. I appreciate that.

Mr. SCHUMER. I have a couple of questions if I might, for Mr. Popolizio of the Housing Authority. Did you want to make any statement?

Mr. POPOLIZIO. I did when I first came, I do not now want to make a statement.

Mr. SCHUMER. The mayor has said it all.

Mr. POPOLIZIO. Right.

Mr. SCHUMER. My question is about the doubling up. The mayor had estimated, and I understand the sensitivity of the issue, but I think it is hardly a secret any more. How many people are doubled up in public housing, what is HUD's attitude toward the people doubled up, what would happen to them if they weren't allowed to double up?

Mr. POPOLIZIO. That will be three questions in three areas. Let me say that my opinion is that we have at least 93,000 people who are doubling up in our housing projects. We base these numbers on the following data: We checked the Board of Education school records; we checked our Housing Authority's applications filed for public housing and Section 8 lease housing, who say they reside in public housing. That is the address they give. And then the Human Resource Administration, their file of welfare recipients who reside in public housing. And we have been able to ascertain through these three separate areas that people who give the Housing Authority projects as their residence, they are people who are not listed as our tenants. And we have extrapolated from this information that there are 34,477 doubled up families.

And we feel that taking an average of 2.7 persons of doubled up families, that we have a total number of persons doubled up of 93,777.

Mr. SCHUMER. Larger than many cities.

Mr. POPOLIZIO. Indeed larger than many cities.

If I may, I would like to for a moment deviate from your question, and maybe I will encompass it.

Mr. SCHUMER. The mayor did, why shouldn't you.

Mr. POPOLIZIO. Well, I follow the mayor in many respects, and he has taught me a thing or two.

The discussion that I heard going on this morning, and of course, it is pertinent to the issue that we have before us today. I notice that Congressman Ackerman took one position and there was implicit in Congressman Green's statement about the private sector, that we have almost a dichotomy arising out of this Committee. And I seem to sense Congressman Ackerman's propensities and direction, and I seem to sense Congressman Green's attitude and position.

Now I am trying to say that Congressman Green has cooperated with me whenever I made a request for public housing. It may well be if we get down to the basic core of it, we may have disagreements as far as basic philosophy is concerned. Congressman Ackerman was interested in Mr. Cuomo's work that he had done in connection with the transitional housing. And I would like to call to your attention, because I am sure you know about it, that we Lavanburg Houses. The Lavanburg Houses have been operating for 15 years.

Mr. SCHUMER. For the benefit of those, Mr. Popolizio, who will just read the record, could you just describe it a little bit?

Mr. POPOLIZIO. Yes. It is run under the aegis of the Henry Street Settlement House. It was built by the New York City Housing Au-

thority, but is run by the Settlement House. They have about 100 apartments that they make available for troubled families. They are there for a period of 6 months. It is transient housing. They have complete supportive services. All kinds of services that these troubled families need, and these funds are made available through the same source where they have the funds available for hotel occupants. And I believe in Latemberg now they are getting $16 for the main tenant, and I think $10 extra for every other person in the project.

They have turned out approximately in the last 15 years, about 3,000 families that have gone through Lavanburg Houses, and they have placed them in permanent housing. They give them every kind of supportive service that may be needed by them. They are very dedicated people that run it. I have seen it, I have talked to them about it.

Mr. SCHUMER. Are the people they get average homeless population, or are they screened ahead of time to go there?

Mr. POPOLIZIO. They are screened, but they come from the average homeless population, and they are professionally aware that there are some families that are beyond their ability to deal with. And I think this is another thing that we do not take into consideration when we talk about the homeless. Because it is not a matter who yells the loudest, it is not a matter who is the most shrill. It is a matter of really getting back to the beginning, so to speak.

I mean, I don't have to remind people in this room, or you gentlemen, that Jacob Reese some 87 years ago, he embarked on a crusade where he showed the need for housing and the deplorable conditions we had in New York City. Now, we don't have the same kind of conditions today, but we have crisis conditions. And we have to understand that part of our population, the homeless population, may not be able to be taken care of in the same way others are brought through the system. They may require special help just as somebody who, let's say, has a physical ailment. And he needs support services from machines, from drugs, or whatever other medicines are necessary to support that person and enable him to live. And there are professionals that are disciplined for taking care of that, and we should be aware of it.

Mr. SCHUMER. That is not answering my question.

Mr. POPOLIZIO. I know, and excuse me, you can ask me again. I just want to make a point. On the Lavanburg projects, we would like to build two more projects like that. We have asked the Feds for permission to do it, and I want you to know I have examined the correspondence before I got here, and some of you are too young, but some of you are old enough to remember the Goldberg cartoons and where he used to have these convoluted drawings to show you how water came out of a tap.

Well, that is the way these replies are. What they say are they are moralist, however, the law says that you are the Public Housing Authority, you have to stay within this stricture. So, what do we say, "By the way, what do we do with this project that we have now for 15 years?" And you know what the answer is, "We will approve that, but you can't do it any more." Now, you guys, have to help us on that.

We want to build some more. We have the agencies available that will do the will do the work for us, but we have to have a lot of redtape cut out and a lot bureaucratic nonsense has to dissolve before the approach to what I call a, "rational society," where we put things in place. And my view is that if you have the will and you have the courage, and you have the resources, it can be done.

Also, you cannot expect a municipality, even as great as the city of New York, to undertake and do this. It cannot be done. There is no way in the world you can do it. You are wasting your time if that is all you are going to depend on. What is being done by the city of New York is really staunching the hemorrhage. But the real rehabilitation of the patient requires a national approach, a national commitment, and they have to stop this nonsense about the northeast or other geographical sections of this Nation. When war is declared, everybody goes. Well, there is a war on the kind of housing, and the lack of housing that we have. And we all have to go on the front lines now, and stop this baloney and this nonsense. Now, I will answer your questions.

Mr. SCHUMER. Thank you, Mr. Popolizio, we will bring you down to Washington to bring that message. You are looking at some of the foot soldiers in that war. We haven't had a general, but we will make you secretary of HUD and that will be great.

Mr. POPOLIZIO. Well, it is my staff that does it for me.

Mr. SCHUMER. My question was, if I can remember it, you answered how many people are doubled up, 93,300 and some odd. The question is: What is HUD's attitude toward your doubled up folks?

Mr. POPOLIZIO. As far as I know, legally, they are not supposed to be there. I am frank to tell you, I have stated before and I will state it publicly again, I am not about to bring eviction procedures against doubled up families.

Mr. SCHUMER. Is HUD putting anything on you to do it?

Mr. POPOLIZIO. None that I can discern right now, and I think even if they did, the kind of pragmatic logistics that are involved would, to use a bureaucratic term, would obviate the real need for considering it as a viable solution to the problem.

Mr. SCHUMER. If for some reason HUD said they would cut off all operating subsidies unless somehow you certified that every person who is doubled up is out, what would the people do? Where would they go?

Mr. POPOLIZIO. I would tell them to join up behind me, and we would march to Washington. What could I tell you?

Mr. SCHUMER. Well, it is an obvious question, but I want for the record for those who come from places of 2,500 that aren't even towns, I would like this on the record.

Mr. POPOLIZIO. I would like to say one thing in connection with the homeless, that the New York City Housing Authority, but for the resources it makes available, if they were not there, your homeless would appreciate in significant numbers.

And another thing too, to my colleagues here in the city, because of the doubling up, we have to deliver more services and we naturally are asking the city of New York to help us out in the delivery of services and the funds that are needed in order to comply with sort of the hidden requirement of our illegal occupants.

Mr. GARCIA. May I just ask one question?

According to your projections, how do you see, and somebody must be monitoring this at the Housing Authority, how do you see the doubling up of families going in there? Let me give you an example, where were we in terms of the doubling up of families 2 years ago, where were we 1 year ago, and where are we today?

Mr. POPOLIZIO. I can't answer with specificity as far as the prior years.

Mr. GARCIA. But obviously, if we looked at a graph, it would be going up.

Mr. POPOLIZIO. I can tell you that the reports that I got prior to my taking over are such that they indicated that there were increased demands on our services. There were increased demands on elevator services, elevator repairs, increased demands on the use of facilities, increased demands for utility costs. All of these were manifestations of the increased use of the premises beyond whatever had been originally designed.

And I must say this, for all of the work that we have done in the field of public housing, some of our construction and like a lot of our hospitals, the day before they became inadequate, because it takes the living to understand the kind of traffic you have in public housing. And it takes living to make yourself aware that public housing is occupied by a lot of young people, and now we have an appreciation in number of single person head of households. And all these problems together bring you this kind of crescendo for a tremendous need for help and assistance in these very areas. And we are really joining with the city of New York, and gladly, I am a New Yorker, in dealing with this problem either directly or indirectly.

Mr. GARCIA. So, what you are really saying is that you have no way of monitoring this. You mentioned before that you looked at school records.

Mr. POPOLIZIO. No. I said I couldn't answer your question with the specificity you asked as far as prior years. I said I came on here and I didn't finish. And the finish to it is I have now had attempts made to ascertain as nearly as we can the minimum number of people we feel have doubled up. I actually think there are more than 93,000 because for reasons which I don't know, I am sure a lot of people say, "I am not going to report it. I won't give this address. I won't try for Section 8." And these are some of the practical problems we have.

We are not a real estate management outfit. We deal with people. I have 600,000 people, that is as big as the city of Boston. I have 2,100 men on the police force, that is bigger than the police force in the city of Boston. So, when you see these sexy things in the papers about public housing projects and he lived there and everything else, what do you expect? I have 600,000 people. They are not all angels.

Mr. SCHUMER. I think on that note, Mr. Biderman or Mr. Grinker, do you have anything that you would like to add?

Mr. GRINKER. I would just say in response to Congressman Garcia's problem, and obviously Ed Biderman just taking the job will have to look at this more closely, but I believe that given the level of commitment that the city has made in terms of new construction and in-rem construction, that we probably aren't going to see

significant increases in doubling up because we have begun this process. But we are not going to eliminate the problem, because as the mayor said, without the Federal Government really getting back into the business of low-income housing, we are just holding our own. And I think that is probably where we are at.

Mr. POPOLIZIO. To that last statement, I say, "Amen."

Mr. SCHUMER. Let the record show that Mr. Popolizio amended Mr. Grinker's statement.

Mr. Biderman, do you want to make a virginal statement here as the new Housing Commissioner?

Mr. BIDERMAN. Only to say that essentially our programs have been focused on the in-rem stock, as far as the long-term component is concerned, and that is a very finite resource and it is very quickly going away. Although it doesn't look like it, when you go into the neighborhoods that have a lot of it, much of it is planned for. I think in the next 2 to 3 years, people will see most of that disappearing from being abandoned shells to being put into some homeless program or some other program.

Mr. SCHUMER. The number of abandoned units going down in the city?

Mr. BIDERMAN. Abandonment is down dramatically. Delinquency rate on real estate taxes is down to under 2 percent. The values have increased in all neighborhoods, nobody is giving these buildings back to the city for nonpayment of taxes, so we are dealing with a very finite resource. We are using it, but obviously it is going to be over soon and we have to find new ways to deal with this problem, and they all are much more expensive. Because even a gut rehab job at $65,000 is substantially cheaper than a new construction that is probably $100 to $120,000. And so, the ability to deal with the low-income population is only going to get worse in the sense that the costs are going to escalate dramatically in the years to come.

Mr. SCHUMER. Thank you, all three gentlemen.

We have one final panel. I know many have to go, so I want to thank my colleagues who have stayed. I appreciate it.

Our final panel consists of experts in the building of low-income type housing that homeless people need. And I would like to call up Willa Appel of Citizen's Housing and Planning Council; Ms. Knepper, a former State Assistant Deputy of Housing, now president of an independent consulting firm that puts together low-income housing projects; and Sarah Peller from Project Dorot. Ms. Thomson I believe mentioned Dorot in her statement. She is from the Homeless Prevention Program, an organization that deals with homelessness among the elderly.

Let me thank all three of you for coming and say that we have three outstanding experts in the field. It is nice to see you all here. The statements that you have submitted will be submitted entirely in the record, so you may summarize them or use your time as you wish. Ms. Appel, you are on first.

STATEMENTS OF WILLA APPEL, CITIZEN'S HOUSING AND PLANNING COUNCIL

Ms. APPEL. Congressman Schumer, Members of the Task Force, thank you for inviting me here. I was asked by Anthony Weiner to really focus my remarks not on homelessness per se, but on the cost of building low-income housing in New York City.

Mr. SCHUMER. That is fine.

Ms. APPEL. And Anthony also asked me to keep my remarks to 5 to 7 minutes, and I will attempt to do that.

Mr. SCHUMER. We asked the mayor to do the same.

Ms. APPEL. Well, I am not the mayor.

I haven't submitted a formal statement. I have written up some notes if you want me at a later point to get them to you, I can. Basically, the only way to produce new housing that low-income people, that is people earning less that $15,000 a year, can afford, is buy providing housing that is totally free of debt or mortgage, providing the land for free, and then by cushioning the operating cost increases with a separate reserve fund. That is the only way, and I will give you a little example.

Mr. SCHUMER. If you could quantify those things too, that would be great.

Ms. APPEL. Least cost housing construction I would say is about $80 a square foot. If an average apartment is 900 square feet gross, that is 700 square feet net, so you are talking a two-bedroom apartment. An apartment reasonable for a family of four, construction costs $72,000, construction costs alone. Maintenance and operating costs for an apartment of that size are about $4,000 a year.

Mr. SCHUMER. These are figures for New York, I presume.

Ms. APPEL. These are New York City figures, right.

If you include a vacancy and collection loss of 5 percent, you are saying that an apartment costs $4,210 a year to maintain, simply to maintain. If tenants are supposed to be paying 30 percent of their income for rent, that apartment is then affordable to a family earning $14,035 a year, which translates into an average monthly rental of $350 a month, which is approximately $30 or $40 more than the current increased welfare allowance.

This is an extremely expensive proposition, and gut rehab is not much less expensive. The figures cited to you were $65 to $70 a square foot. They are at least that, and they take much more time. Gut rehabs are very time consuming. Given the expense of building new low cost housing, it is critical that the Federal Government focus on helping municipalities to preserve and upgrade existing units. Public housing should not be abandoned. It should be upgraded. Most of the public housing is 35 years or older, it needs repair. But this is a cost that makes sense because it protects an already significant investment, and it preserves absolutely irreplaceable housing for the poor.

The Government should also focus its funding and its attention on programs that the city has, such as the participation loan program, whereby conventional interest rates are blended with no-interest loans to bring down rehabilitation costs. However, the PLP program alone can't provide housing for low-income families who can't afford any kind of debt even if it is a blended rate. If, howev-

er, the PLP is combined with the Section 8 Certificates, then you can reach low-income people. And I would suggest, again I really thought of my remarks as attempting to think of solutions, that the Government really focus on programs like that and of blending different kinds of programs that will preserve housing.

Most of the housing that has been produced during the Reagan years has utilized multiple funding sources of necessity. And this causes enormous problems. The overwhelming obstacle is the amount of time consumed by overlapping and often conflicting administrative requirements. Take the excellent HODAG program. HODAG was a terrific idea, yet in New York City, although $32 million in grants were approved 3 years ago, we still don't have the apartments. Why?

The biggest problem has been the need to contend with three separate bureaucracies: HPD within the city; FHA and the HODAG Department at HUD. These separate agencies have coordinated their efforts particularly, and everything has assumed enormous amounts of time. Central HUD, however, has attempted to administer this program in enormous and minute detail. However, the HUD staff to do this, and they are handling a $500 million national program, their total staff to do that is three loan coordinators.

Mr. SCHUMER. We often think that is by design.

Ms. APPEL. I think it is by design too.

But what has happened is to get a grant agreement took a year. Then once the grant agreement was approved, it took 5 months for the HUD staff to then actually formally issue it. I mean, it just went on and on, so by the time things were ready to go, at least 3 years had gone by and the net result is that the costs were different than they had been 3 years ago. The whole tax situation and the tax laws had changed dramatically. Syndication was no longer available. It has been a real mess.

It seems to me there is a clear choice, assuming that the Federal Government wants programs like HODAG to succeed. One is if HUD wants to administer all the paper work in minute detail, and the evidentiary materials, for example, comprise 27 different documents, some of which had to be put together at a closing which had never really taken place. It was very complicated. If HUD wants to administer this program, it has to be adequately staffed. If it is not going to adequately staff central HUD, or adequately staff the regional offices, then you have to let the receiving municipalities administer the program with full safeguards. Then we will have our problems with HPD, but at least you are only dealing with one bureaucracy.

Anyway, that is one of the problems in terms of the last number of years during the Reagan Administration, that we have been forced to do piecework, patchwork funding. And that requires an enormous amount of time, an enormous amount of dealing, and one of the things it has done is discourage many people in the private sector from bothering. They simply don't want to do it. They can make more money building conventional housing. They can make more money not dealing with the Government programs. Many of the small builders who used to produce in New York City, who are the potential builders of the kind of housing we need,

don't have the experience, don't have the expertise to get through the paperwork, and they don't have deep enough pockets to wait it out.

My final word, so that I am keeping to my time, is on homelessness itself. In New York City, we've got about 70,000 Section 8 contracts that are going to be expiring by approximately the year 2005. Nationally, that figure is 750,000. If these contracts are not renewed, most of these people, which includes large numbers of the elderly and certainly large numbers of children, are going to be on the streets. The social and human cost of that is incalculable. The fiscal cost of providing substitute housing, given the rate of production because of the cost of housing and the delays that I have just gone over, cannot be accomplished for many, many years. It would be a national catastrophe. I would suggest that the top priority has to be to at least make sure that those Section 8 contracts are extended for another 15 or 20 years. Thank you very much.

Mr. SCHUMER. Thank you, Ms. Appel, for that excellent testimony.

STATEMENT OF SYDELLE KNEPPER, PRESIDENT, INDEPENDENT CONSULTING FIRM

Ms. KNEPPER. Congressman Schumer, Congressman Ackerman, I am very pleased to address the Task Force. I am going to summarize my comments.

I spent almost a decade in public service at city, State, and Federal levels of Government, mostly in the housing agencies, culminating in a position as Assistant State Commissioner for Housing Development and Policy. In that capacity, I ran the production of all the State loan subsidy and grant programs for housing, including those with tax exempt financing and Section 8. I also represented the department in its negotiations with HUD, and in the development of new legislation and policy. That was during the heyday of the Section 8 program.

Mr. SCHUMER. What years was that?

Ms. KNEPPER. My service at HUD and the Division of Housing were from 1979 through 1983. For this hearing, I would to offer some insights on the relationship between homelessness and the dearth of low-income housing programs. During the end of the 1970's and starting with the time of New York's recovery, as you know, the Federal Government allocated millions of dollars to New York City. These programs were critical in that they allowed New York to target funds to neighborhoods with widespread abandonment, and to so-called transitional areas. And while everyone has criticized the cost of the Section 8 program, it was a resounding success for three major reasons, I believe.

First, it recognized that 25 to 30 percent of the very poor family's income is insufficient to even carry basic maintenance, much less debt service on a building loan. Second, the program looked to the private sector. Its focus was a market economy. The housing industry in a market economy flourishes when risk is diminished, when the requirement for up front dollars is minimized, and when building loans are guaranteed through mortgage insurance, and operating funds are secured through rental subsidies. So, under these cir-

cumstances, it became very profitable and very good social policy to produce low-income housing.

Finally, HUD created a process for production, which was very clearly defined. It had written rules and regulations, and it had clear procedures. If you were a developer, if you got through Step A, you would go to Step B, and finally through the culmination of the process to build housing.

When the Federal Government withdrew from the funding of housing production programs, they virtually dismantled all of these mechanisms. The use of tax exempt financing became very difficult. Rental operating subsidies were rejected in favor of the housing voucher program. The underlying notion for this program was that a poor family could now have the freedom to go anywhere and rent an apartment and pay the difference. This freedom, of course, ignores the fact that a family earning $18,000 a year can't afford to pay 50 to 75 percent of their income for rent and still survive.

In New York, during the same time period, the financial recovery, the boom on Wall Street, and the increase in service industry jobs fueled the production of homes for high income families. And some of our so-called transitional neighborhoods grew to the point where new people coming in could afford to pay higher market rents. So, the rehabilitated housing in these neighborhoods became housing for higher income families, rather than low and moderate income persons.

However, this is a city with a majority of people who are moderate and low income, and without the production of new housing and the upgrading of existing buildings, with increased demolition of some old stock that should have been demolished, and without sufficient rental subsidies, the lowest income families, dependent on welfare shelter allowances have very little choice of residence. Many of these families are also faced with a panoply of other problems and don't have the time to determine their eligibility for programs which could give them further living allowances. In New York, we do not have a definitive number as to how many people are living doubled up. At the Housing Authority, the waiting list has gone from 100,000 to 150,000 in the last decade.

However, people who wind up on the street may have other problems. In my work with low-income housing organizations, churches, et cetera, who are building housing for low income and homeless persons, it is understood that a percentage of these people are troubled. And their problems are not going to be resolved simply by having a place to live. But if there was housing for these people, we would at least be setting a path that they could once again deal with other problems in their lives.

Previous speakers have eloquently spoken about this, but it seems the worse tragedy of all is the children who are out on the streets. You go by Penn Station any night, late at night, you will see children begging from cars out on the street from the Martinique Hotel. I think that this is a tremendous tragedy and does not bode well for the future.

The present programs available for housing the homeless have some serious structural shortcomings. I am sure you have heard testimony about the fact that you cannot pledge Federal transitional funds to permanent housing. Also, lending institutions will not

float a long-term loan to a private developer for acquisition and renovation of buildings for transitional housing. In New York City, the production of housing for the homeless has been left to the not-for-profit sector. Yet, these organizations are not housing developers.

The development process requires an enormous effort. It requires day-to-day involvement, and the financing of each project must be individually designed. Without the help of the city and State, and many very dedicated people in the social service and housing agencies, these projects would not move forward. I think, though, that the goal for many not-for-profits is not in building housing, but to provide social services. And though the not-for-profit sector has responded admirably, we really need to go and find the group of people again who are really best able to produce this housing, and that is the private developers—not social workers who want to provide social services.

So, you asked what are the solutions? I am going to highlight a few different types of programs. If transitional funds could be pledged on a long-term basis or guaranteed, developers could acquire and renovate existing buildings for lease to not-for-profit organizations. This could substantially reduce the timeframe for production of such housing. You could have further cost savings by using city-owned buildings and Federal mortgage insurance.

In terms of housing production for low and moderate income families, I want to note that the HODAG program has all the elements to be a very successful program.

Mr. SCHUMER. Do you know what the name was before it was HODAG?

Ms. KNEPPER. No. What was it?

Mr. SCHUMER. Dodd-Schumer Program.

When HUD saw in the end of 1983 who passed it to the progressive, liberal Democrats, they switched the name to HODAG.

Ms. APPEL. And cut the staff.

Ms. KNEPPER. The current Federal Administration, has done everything possible to make this program not work. It announces availability of funding a month before applications are due. So, the way it works, the localities put together applications that look great on paper. But in point of fact, they are not usually really well developed as to get into that pipeline. So, you end up with a problem.

Mr. SCHUMER. That is not a problem intrinsic with the program. That is HUD's own little problem.

Ms. KNEPPER. Yes, this is HUD's roadblocks.

The differences that HUD has created between its FHA insurance programs and its HODAG programs, and its HODAG Administration, has also been a major problem. If you use FHA insurance, they will cut back your HODAG grants. We have gone to HUD and asked them how they can give a specific grant, and then tell you 2 years later that they are going to cut it. Yet, they have no answer.

Finally, the level of funding itself is very low for the program, and most localities don't get into the pipeline. The program elements are flexible, and its financing arrangements provide the deep grants necessary to offset the total development cost of a

project. If you coupled it with city and State grants, you could produce apartments in an individual building at rents which reach very low-income families.

Mr. SCHUMER. I wish Congressman Green had been here. I have been keeping it alive, then the Appropriations Committee cut it. He has been a supporter of HODAG, but it would be nice for him to hear. When there is a new Administration, I am convinced that programs like HODAG will get increased funding. We are trying to put them in place now to show that there are new kinds of programs, somewhat less expensive, that work.

Ms. KNEPPER. I am just going to close with one personal story because I have been so closely involved with not for profits in developing housing for the homeless. A decade ago I traveled to Istanbul and for the first time I saw families out in the parks and in the street, and it was very devastating. And to me, it is very frightening to see this in the United States a decade later, and I hope we can do something.

[The prepared statement of Ms. Knepper may be found at the end of the hearing.]

Mr. SCHUMER. Thank you very much again, your testimony was excellent. Our final witness is a little different. She is not involved in building low-income housing. I don't know your title, Ms. Peller?

Ms. PELLER. I am the director of the Homeless Prevention Program.

Mr. SCHUMER. She is the director of Project Dorot, the program is an organization that deals with homelessness among the elderly. And again, your full statement, if you have one, will be submitted to the record.

STATEMENT OF SARA PELLER, PROJECT DOROT, DIRECTOR, HOMELESSNESS PREVENTION PROGRAM ORGANIZATION

Ms. PELLER. Yes. I do want to thank you for inviting me, because this is an arena that I am very rarely in. I am sort of much more on the front lines, as it were. At any rate, let me just tell you a little bit about our program, which is how we really fit into this problem. We are a transitional housing program in existence for homeless senior citizens. People come and stay with us while we try and find them permanent housing. We are a very, very small program. We have 14 beds in an SRO hotel on the upper west side of Manhattan.

So, we have gotten to see the affect of the lack of affordable housing for senior citizens. Because we are in an SRO, we have really gotten to see the change in SRO hotels. I am sure that you are aware that approximately 90 percent of the SRO's in Manhattan underwent conversion and very few remain. In the SRO that we happen to be in, we have watched the population of that building change in the last few years. So that, though we have offices there and rooms for transitional housing, our people can't afford to live there. If we could get them a room there, and these rooms are increasingly occupied by young professionals, they really wouldn't be able to afford it because it is not subsidized by the city.

We have two components of our program; transitional housing and relocation, and we try to take people that we think we will be

able to help find permanent housing, and an area of concern is that the supply of permanent housing is drying up. It is sort of the question you asked Andrew Cuomo, which is, "What are you going to do when you have all your transitional apartments filled and no place to send these people?" And that is a big problem for us.

One of the things that we have experienced in the last 1½ years is people are staying with us for longer periods of time because permanent housing isn't available. I don't want to mention any names, but at the moment, we are in such a situation. Four people who have been with us for a very long time are awaiting the opening of an SRO that is completely finished and completely furnished, and is simply waiting for a C of O which is a matter of redtape. It is a very difficult situation when you are someone who has been accepted in a new housing situation and you are just waiting. It becomes very demoralizing. You begin to wonder if it will every really happen. No one seems to know how to get through the redtape that will allow this SRO to open.

One of the things that was stressed, and I think it is very important, is the need for social services, as well as the need for transitional housing situations to help people begin to accept the responsibility involved in returning to permanent housing. Once you have lost your housing, getting back into the mainstream of society and being in a place where you pay your rent, and you buy your food, and you are treated as any other normal person, is a stressful situation. People who come to our program, and our program is somewhat different, it is not a mass congregate shelter, but more of a communal kind of a situation. The rooms are far from ideal, but people get a lot of individual care. Homelessness is a very difficult situation for all of them.

Everybody has different problems. Problems getting clothing, problems with family, problems with "am I going to be relocated?" "Am I going to get my benefits?" This is always very difficult, and one of the things that we have also tried to do is work with people once we have placed them in housing. We have an after care program, and we think that it is important to work with people once they are in new housing to prevent them from becoming homeless again.

[The prepared statement of Ms. Peller follows:]

PREPARED STATEMENT OF SARA PELLER

Among the growing homeless population is a group of people often overlooked—the homeless elderly. A critical lack of low-cost housing (conversion of SRO hotels into expensive apartments), the impact of inflation on fixed incomes, the lack of personal resources to deal with crisis such as illness or crime and the absence of support systems, create a situation in which the elderly are especially vulnerable to homelessness and unable to find permanent housing.

Many of these people have no history of mental disturbances or substance abuse. They have functioned independently throughout their lives and this is their first experience with homelessness. Many have lost their housing due to apartment conversions or eviction, some worked as live-in help and lost their housing when their services were no longer needed. Others were living with relatives who died, leaving them unable to afford the rent or with no legal rights to the lease. Some worked in low-paying jobs or earned money off the books. As a result, they have minimal social security benefits and are also in no position to continue working. The loss of housing can be terrifying and an overwhelming experience for an older person with special needs and limited resources.

The urgent need for emergency shelter frequently overshadows the larger need for permanent housing which few shelters can address. Transitional housing programs, that is, programs that provide temporary housing along with counseling and help obtaining benefits, with the goal of permanent housing, are an alternative to both private and city shelters and strive to end the cycle of homelessness that can only be broken by permanent housing.

Dorot's Homelessness Prevention Program is a transitional housing program for senior citizens that provides temporary housing while seeking to relocate seniors in safe, affordable permanent housing.

In the last 3 years, with a staff of four and 14 beds in a single room occupancy hotel, the HPP has housed 250 seniors and relocated 150 people. More than 90 percent of those relocated have maintained themselves in permanent housing with the support of after-care services.

In our efforts to relocate seniors, the HPP is constantly faced with the shortage of available low-cost housing. Apartments are virtually nonexistent and the wait for Section 8 housing can take years. This shortage is not limited to Manhattan but extends to all the boroughs. The housing shortage has lengthened our average length of client stay from 3 months to 5 or 6 months, limiting our ability to serve others in need.

In the last 2 years, the HPP has been fortunate to place 27 people in Capitol Hall, a city subsidized SRO on West 87th Street, that is unusual in that it is supported by the 87th Street Block Association. Housing options such as Capitol Hall are in short supply and it is important to point out the changing population in the few remaining SRO's, that are increasingly occupied by younger people active in the work force.

It is our hope that these hearings will stimulate an awareness in the Federal Government to fund housing programs that are the only real solution to the ever-increasing crisis of homelessness.

Mr. SCHUMER. Thank you, and thank all three of you.

I have a couple of questions and maybe Congressman Ackerman does. This is to Ms. Appel and Ms. Knepper. This is a Budget Committee Task Force on the Homelessness. I sit on the Housing Subcommittee, but this wearing the Budget Committee hat, I can tell you that the amount of money that is available, even under a new Administration, is not going to be the kind needed to do the job. Many have turned to the fact that instead of building housing for the very low income, that you try and encourage it with a shallower subsidy for the next level, the working poor call it. Then let that part of the housing market open up so that the very poor can move into the existing homes of the people who move out and move into the new level of housing.

The low-income groups generally oppose that. Why, No. 1? What do you think? Why wouldn't one focus money, if you could build 10 units? Take Nehemiah, which is something I care about a great deal. For every 10 units of Nehemiah, four people have moved out of public housing, another four have moved out of private housing, from which into a low income, 50 percent below median income, has happened.

Does not make sense if we are concerned with building large numbers of units in fiscally austere times to put the moneys into those programs rather than the other ones?

Ms. APPEL. Absolutely. I think you have to do it. Your question as to why the low-income advocates oppose it, it is because they feel that their mandate is to push for the low-income constituency that otherwise is going to be overlooked.

Mr. SCHUMER. The theory I am saying is by definition, the program like Nehemian, would not overlook them. In fact, per dollar, it would put roofs over the very poor's head more than money that directly builds new or rehabilitated housing for the very poor. And

I can't quite figure it out. I think they have the best of contentions and the best of will, but I can't understand it.

Ms. APPEL. I agree with you, and I think that with limited funds, if you look at what the cost will be, is the Federal Government going to spend $72,000 to build a unit which poor people can afford, which would also require reserve fund. Maybe the city would do that, as opposed to doing a Nehemian program or a housing partnership program. I think that the city has to be providing moderate income housing as well, and to be also some middle income housing too that the city has to look after all of its constituents.

Mr. SCHUMER. I am not even thinking of the middle-income people or even the moderate-income people. I am thinking just from the benefit of the low-income people. Does it not benefit them more in a limited dollars world obviously to build that next level? Ms. Knepper, I think disagrees?

Ms. KNEPPER. No, I think it obviously does help them, but I think that the advocates for the very low-income families, in this limited sense of divvying up the pie say:

> Does that mean that we are not going to build any housing for very low-income families? Does that mean we are going to use the trickle down theory for the very low-income families so that that apartments trickle down?

I think that is the reason behind that.

Mr. SCHUMER. Sounds like turf to me.

Ms. APPEL. It is turf. It is idealogical warfare in this city. But I would say in support of people who are the low-income advocates, they feel that unless they say you have to build for low-income people, then low-income people will get nothing. And that anything else is an unacceptable compromise.

Ms. KNEPPER. I think that is correct. I think the Nehemian program is an excellent program. It is a different kind of program in that people have to put up certain amount of equity, and when you are dealing with very low-income people, the reason people talk of rental housing is that they don't have the equity to put up. So, you are dealing with two different programs.

Mr. SCHUMER. I am just thinking of this theoretically. We have a few minutes here. Let us say my sole goal was to house as many people in the lowest income, 50 percent below median income, as possible. I have a pot of $1 billion. Wouldn't it be that the most efficacious thing to do be to put all that money in Nehemian, if say the rate were for every 10 units of Nehemian built, you would free up eight existing units. Not new, not fresh, not rehabilitated, for the very poor?

Ms. APPEL. You get more units that way.

Mr. SCHUMER. Well, isn't that what the whole idea is?

Ms. APPEL. Yes. Because if you concentrate the money just for the low income, the cost is so high, you are going to get many fewer units.

Ms. KNEPPER. I think again they are two fundamentally different types of programs. One is an equity program and one is a rental program.

Mr. SCHUMER. You cannot bring yourself to say it, you believe it, or what?

Ms. KNEPPER. I don't think that you would want to go exclusively into an entire program, into an equity program.

Mr. SCHUMER. Why?

Ms. KNEPPER. Because it is a different type of program. And I am not saying that it might not be a very good program, I am just saying it is a different kind of program. There are a lot of people who don't have equity. Rather than just a trickle down effect into existing apartments, I would like to see some renovation of existing buildings, money put in there.

Mr. SCHUMER. Why, rather than the trickle down?

Ms. KNEPPER. Because the trickle down is simply existing units, and there are a tremendous number of substandard units in this city and I would like to see money going into renovating units as well.

Mr. SCHUMER. But in a sense, isn't that a little callous. I am being devil's advocate here, but I don't understand this and I would like to probe it a little.

Ms. KNEPPER. That's fine.

Mr. SCHUMER. Aren't you saying if there are 10,000 poor people, low, low-income people who would be given housing, maybe some of it is not new, some of it is public housing, some of it is private. It is all inhabitable definitionally. We will assume definitionally it is inhabitable. It doesn't have major code impaired violations, although it is hardly a Taj Mahal. When you say build for both, aren't you saying 2,000 or 3,000 of those 10,000 will just not have a place to live at the expense of however many low income units you build having something new?

Because I am in there fighting every day for dollars, and I don't have the luxury of ideology or turf.

Ms. KNEPPER. I understand that, but I don't see why, for example, like your HODAG Program, for example.

Mr. SCHUMER. Low-income groups opposed that. Now, they like it. Cushing Dolbeare, who I have imminent respect for, fought the HODAG Program.

Ms. KNEPPER. I will tell you I am doing a project in New Rochelle now, it is the sale of a public housing project, 180 units. They needed modernization money, they couldn't get it. This is the city of New Rochelle. With your HODAG Program, and also the city has kicked in other money, we are keeping anyone who wants to stay in that building at the current rent, Housing Authority rent, $90 for a five-room apartment, but we are upgrading the entire building.

What I am saying is I understand that you have to get the biggest amount of housing for the limited dollar, but I think you need also to be involved in a panoply of programs. I don't think you can say:

> Because we are going to get the most amount of housing for the limited funds that we have, therefore, we are going to go to those families who have $20,000 in equity or $30,000 to put into a house, they are going to benefit from the new housing stock.

Ms. APPEL. I would just add there are two answers.

Mr. SCHUMER. It is a very hard question.

Ms. APPEL. There are two answers. One is an arithmetical answer, which tells you you get more units if you have to put in

less subsidy per unit. And the other approach is a policy approach. I mean, there is the issue with Nehemian, the concern that since many of the people moving into Nehemian were Housing Authority families, you were then going to be destabilizing Housing Authority by taking out the best families. So, it is complicated.

Mr. SCHUMER. All right.

I don't have any further questions except I wanted to ask Ms. Peller what does Dorot mean?

Ms. PELLER. We are just one of Dorot's programs, and Dorot is an organization that focuses on intergenerational programing on the west side, providing friendly visiting, meals on wheels, holiday package deliveries, that involves younger people with older people. And Dorot means, "generation," in Hebrew.

Mr. SCHUMER. Thank you.

Mr. ACKERMAN. I have a more basic question. I don't really get from listening to everything that everybody said that we can afford to just do what we are talking about doing, and that is building under whatever basis we can come down with, enough housing units, and then to maintain those housing units on a permanent basis for temporary people or however you want to phrase it, without any real approach to the real problems. And the real problem is not necessarily housing. The symptom, as I see it, is housing. It is manifesting itself in housing.

What I would like to try and find out, and I don't know if we can find it out here, except there seems t be a glimmering of hope from your hope, Ms. Peller. And that is how do you build, not apartments and not housing units, but how do you build a sense of dignity?

How do you build a sense of self-respect and self-esteem for people to try and get them to break the cycle and get of the kind of thing that would create a permanent subsidized temporarily homeless class of people in our society, paralleling the entire welfare system that we have helped to create, where people will be in it forever without knowing some of the basic skills and without being resocialized to society?

I heard a couple of people refer to your program in almost loving terms, and I think maybe that is the start of it. I have heard other people talk about the kind of systems they have been through, that are basically shell-shocked from it, and have come out the worse for wear than having gone into it. Almost like our prison systems. We are building people who can survive a system that we have then created, and can then function within that system and can really function no place else.

Should we put an equal number of our dollars into rebuilding people instead of just rehabing apartments?

Ms. PELLER. Well, I think so, and I think that one of the ways that you can do that is by having very small programs as opposed to really large shelters and/or large transitional housing programs.

Mr. ACKERMAN. When you say small programs, yours seems to be one of the smallest that I have heard of, 14 beds. And I am sure you have a waiting list 1 mile long. Is that what you are talking about by small, or Andrew Cuomo's 200 apartments, is that small?

Ms. PELLER. I myself think that to work successfully, using the particular model that I sort of helped to create, the 20-bed pro-

grams are really ideal. You know, there are a lot of different problems in working with the homeless, not the least of which is finding space for these programs in which to exist.

But it is my particular feeling that it is really personal interaction, between not just a staff and the people who come and stay with us, but among the people who come and stay with us, that really helps. People begin to feel better about themselves. One of the wonderful things that happened at the Homeless Prevention Program, and we didn't know it would happen, was that at one point we had a group of people who all became very good friends, and really looked out for each other. Two of them are sitting behind me. And they were lucky that they were relocated to the same place to continue their friendship. I should mention that there is a city subsidized SRO on 87th Street called Capital Hall, which is unique, in that it is supported by the 87th Street Block Association. It is pretty amazing for a homeless person to actually live on a block where someone wants you to live.

I want to say something about the cost of our program to correct the impression that small programs are more expensive to run than larger ones. The city cites a cost of $65 per person per day for homeless families to stay at hotels such as the Martinique, where services are minimal. At the Homeless Prevention Program, the average daily cost is $69 a day, but this includes, not just shelter, but meals, counseling, help in obtaining benefits, an after-care program that provides followup care, and most importantly, relocation to permanent housing. The average stay in the program is 2½ months and 95 percent of those who have been relocated in the last 2 years have remained in permanent housing. So despite our small size, we are pretty cost effective, especially since the majority of the people we have worked with do not become homeless again.

The Homeless Prevention Program has a variety of different funding sources: DFTA, CDA SNAP, FEMA, UJA/Federation, about 40 percent of our budget comes from private donations. This gives us some flexibility in accomplishing our goals because we are not faced with many of the restrictions that accompany Government dollars. Don't get me wrong, we could certainly use more Government funding but not necessarily more restrictions. Cuts in FEMA, SNAP, and DFTA funds are felt by us and the need for a Federal commitment to support programs such as ours is important. But the basic focus of our programs—relocating people to permanent housing, can only be accomplished if affordable, safe housing exists. We can't do this job alone. If no new housing becomes available our program will stop functioning once we've used up the available resources. That is why we are so concerned with the housing issue. When all the other problems have been addressed—housing is the only answer to homelessness.

Mr. ACKERMAN. Right.

Ms. PELLER. And as a result, the people who have been placed there who are in our program, really look out for one another. They take care of one another, if somebody is sick, they go get them chicken soup or tell us they need chicken soup. And so, I think when you work in a small way with people, they can begin to develop stronger relationships and be able to live successfully in the community once again.

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Mr. ACKERMAN. I think that is probably a good answer. Part of the problem in the real world that we seem to be facing here is the point that Congressman Schumer so ably points out, that we are dealing in a limited dollar universe. Mr. Schumer does carry both the sword and the shield for us in Washington, fighting on a very hard, continuous basis, to bring at least to our city, as much of those dollars as we possibly can.

We take a look at part of the problem and what part of the solution might be, and you say smaller units, a 20-apartment unit, I think the cost of that gets to be pretty high, both from a dollar and cents point of view, trying to figure out how to divide 29,000 units by 20-unit apartments, and you will end up with a proliferation of these things all over the city of New York. And then you wind up with a bunch of guys in our business who wimp out because you would wind up with one of those things on every two blocks. And certainly nobody would want that, as one example.

It is a massive problem that we face, and I just want to thank you for helping refocus us and bringing the facts to our attention.

Mr. SCHUMER. Thank you, Mr. Ackerman.

Did you want to say something, Ms. Appel?

Ms. APPEL. I was just going to say that when the whole fight took place this last summer over the city's proposed program for transitional shelters, in Queens, for example, Claire Schulman had said she would be happy to have smaller shelters dispersed. That would be far more acceptable to the community. And certainly from a human point of view, it makes sense.

The city on the other hand was arguing, well in terms of the provision of social services, you have to have a minimum for it to be cost effective. Otherwise it doesn't work. So, you are in that bind constantly. But I think from a human point of view, it works better if it is smaller scale.

Mr. SCHUMER. Just one other quick thing which was just pointed out that I would like to get at least Ms. Knepper and Ms. Appel on the record on it. It is a housing issue. Some of our Republican colleagues have been pushing very hard to turn over public housing into condos and co-ops for the people who live there. They say that is what is good for the poor and all of that. We have fought them on this.

Just for the record, Ms. Knepper and Ms. Appel, do you support that kind of proposal?

Ms. KNEPPER. No.

Ms. APPEL. No.

I had said earlier that I think public housing has to be maintained, it has to preserved, upgraded, funds have to be used for modernizing. And I think as a cost effective way to use limited dollars, don't abandon that investment, that resource.

Mr. ACKERMAN. What is there was a Nehemian approach to condo or co-opizing these apartments?

Ms. APPEL. It depends on what scale project you are talking about. Nehemian is low scale. The costs of maintaining a large public housing project have to be looked at. It is not possible to Nehemian something that is a 10-, 12-, 15-story building.

Ms. KNEPPER. Also, if you Nehemian a project, you then change it from a rental project to an equity project. And you establish different parameters for entrance into that project.

Mr. SCHUMER. Let me conclude the hearing by first thanking our witnesses for staying and coming, and thanking the audience, and particularly thanking my colleague, Gary Ackerman, who stayed long after the cameras left.

I would like to make a unanimous motion request to keep the written record open for 3 additional weeks. Without objection, so moved. Thank you, everybody, and I want to thank the Budget Committee for their help and cooperation.

OPENING STATEMENT OF HON. CHARLES E. SCHUMER

In recent months I have been vexed by the increasing tendency to dwell on image rather than substance in our politics and our society. In no area is that problem more painfully apparent than the issue of the homeless.

First, the image. We see them everyday here in New York. Men and women huddled over steam grates and in subway cars. Lines outside soup kitchens and overflowing shelters. These are powerful images.

These images invoke sympathy, sadness and anger. But what is the substance behind those images? The substance of the issue that the public never sees and the media rarely shows, is that the decrease in Federal housing is inextricably linked to the increase in homelessness.

The fact of the matter is that since 1981 the Reagan Administration has been systematically dismantling the nation's housing programs and leaving tens of thousands of low income families literally out in the cold. That is why there is homelessness and that is why we are here today.

There is no mystery to this misery. As the chart shows, in 1982 there were 1088 homeless families in New York City alone, many with small children. In 1987 there were almost 5100 homeless families. During that same period the amount of new housing units that HUD has allocated dropped from 2300 in the last year of the Carter administration to 325 in 1987. And 1987 was a good year! In 1982 and 1983 there were zero new units allocated.

What the administration is doing to New York, they are doing to every city in the country. In 1979, we built or rehabilitated 600,000 units of housing in this country, this year we will build fewer than 80,000.

It is a crime that in 1978 housing and community development accounted for 7 percent of the federal budget, while this year it will amount to just 1 percent.

If we had frozen our level of housing at the beginning of this administration we would have 560,000 more units available than we have today. That's 560,000 units that could be housing people who are now homeless.

We have made efforts to turn the tide.

When the President wondered out loud why we were using federal dollars to put people up in rat infested welfare hotels rather than in permanent housing, Congressman Weiss and I answered by introducing legislation that would allow cities like New York to use Emergency Assistance Funds for permanent housing. Andrew Cuomo will testify today how difficult it is to build permanent housing under the Reagan Administration.

In the coming weeks, the President will be presenting his latest budget. And sadly the attack on our nation's poor continues. The President's budget reportedly will cut subsidized housing by another 19%.

The fact that the administration has cut the budget for low-income housing is not as vivid as the picture of a tattered man on a steaming grate. But if we consider only the homeless man and not the reason he's homeless we just won't solve the problem.

Administration officials like to shrug off the homeless problem by saying they are all mentally ill. That is just not the case. Most of the homeless are perfectly normal. Their only problem is they don't have a place to live. The witnesses today will make that very clear.

The administration is ignoring a simple truth: if we take away a poor man's home he becomes homeless.

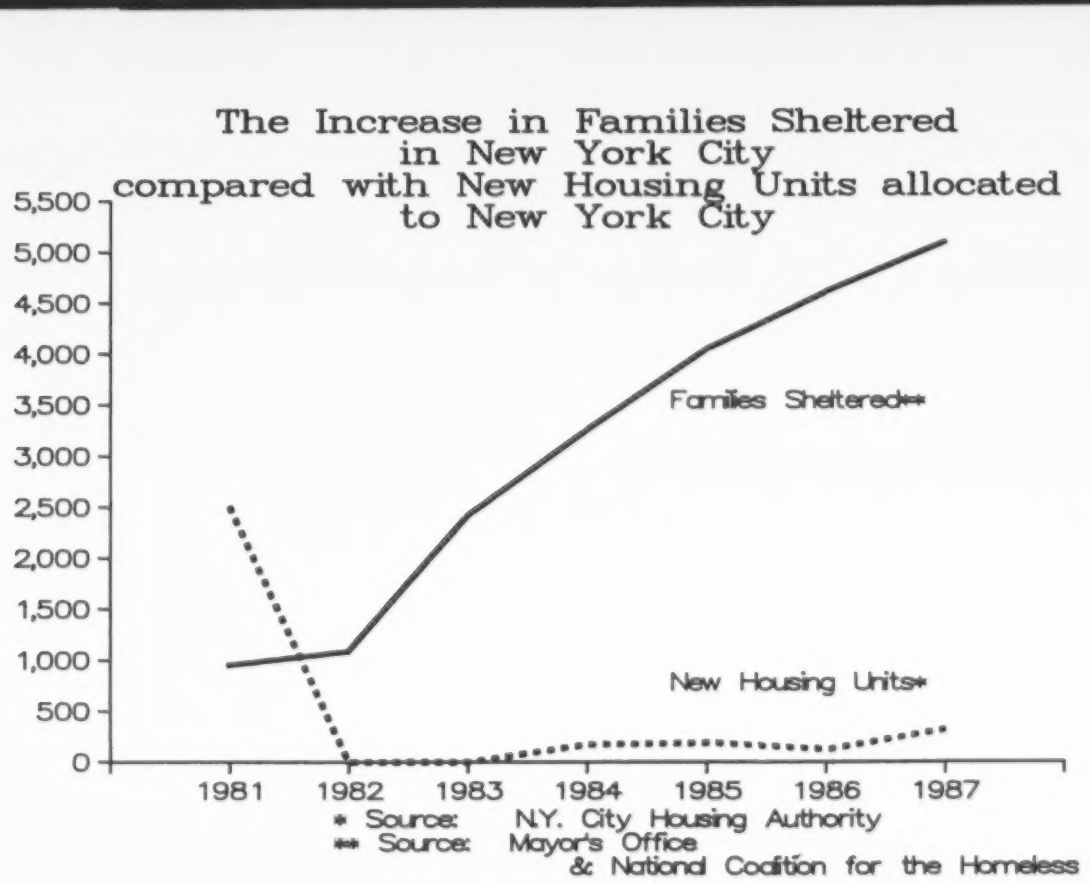
Congress has tried again and again to help provide adequate housing to those who need it. But the Reagan administration has systematically blocked Congress's efforts. Soon the President will launch another attack on our nation's housing with a budget that will add more families and children to the pictures of despair that we see on the nightly news.

Today we will hear from some of the victims of the Reagan administration's housing policy, people who have lost their homes because of cuts in low-income housing programs. We will hear from individuals who could soon join the ranks of the homeless if the administration's housing position does not change. We will also hear from those on the front lines fighting homelessness, who have witnessed the horrifying trends of the last seven years.

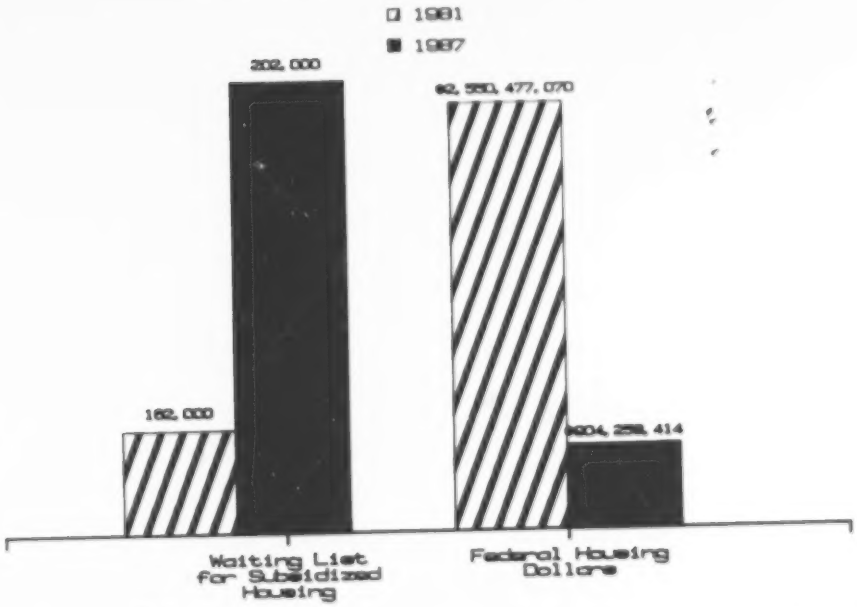
We will also be hearing from Mayor Edward Koch, who like mayors all over the nation, has been left with the enormous task of dealing with the results of the Reagan agenda.

This winter, as the weather gets colder and the homeless shelters again overflow, the invisible Secretary Pierce of HUD will again claim that his department has nothing to do with housing and homelessness. The President will send Congress his budget and talk about the compassion of his party while he cuts housing and Americans are forced to the street.

I hope that this hearing sends a message. A message of despair that resounds all the way to Washington. I hope that the testimony we hear today wakes up Mr. Pierce and Mr. Reagan to the ugly blot on our nation's conscience: homeless families huddled against the cold, a winter of misery ahead of them. Maybe this hearing will help persuade the administration to join us as an ally in fighting homelessness not an adversary.


The Increase in Families Sheltered
in New York City
compared with New Housing Units allocated
to New York City
5,500
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Families Sheltered**
New Housing Units*
1981
1982
1983
1984
1985
1986
1987
* Source: N.Y. City Housing Authority
** Source: Mayor's Office
& National Coalition for the Homeless

Waiting List for Subsidized Housing compared with Federal Housing Dollars



Source New York City Housing Authority

PREPARED STATEMENT OF STEVEN BANKS

This testimony is submitted by the Homeless Family Rights Project of The Legal Aid Society.

In view of the urgent immediate need for adequate, permanent housing for homeless families, we welcome this opportunity to review the circumstances which currently confront homeless families with children in New York City. In this testimony, we will describe the dimension of the current crisis, the continuing glaring inadequacies of conditions in the "welfare hotels" and institutional mass shelters, and the need for the provision of permanent housing to address the current crisis. The need for permanent housing will also be discussed by two of our clients, Gladys Lugo and Luisa Gonzalez, who will describe their inability to find housing for their families. Ms. Lugo and her children were forced to enter the City's emergency housing system last week after spending a period of time doubled up with relatives in City-owned housing. Ms. Gonzalez was unable to locate housing for her family with a Section 8 certificate which has now expired; she and her children are now imminently about to become homeless because the Gonzalez family's landlord wants their apartment for his own use. For yuor convenience, copies of their statements are attached to this testimony.

As some of you may know, The Legal Aid Society has commenced a series of lawsuits over the past five years on behalf of homeless families with children. As a result of one of our lawsuits, McCain v. Koch, a New York State appellate court has determined that the State and City are legally obligated to provide emergency shelter to homeless families with children. This past June, in McCain, the New York State Court of Appeals held that homeless families with children are entitled to safe and sanitary living conditions in welfare hotels in New York City. In addition to McCain and other class action litigation, we have provided individualized legal representation to hundreds of homeless families with children over the past four years. Through our emergency hotline for homeless families and our regular outreach work in hotels and shelters used by the City as emergency housing, we have had a unique vantage point to observe the circumstances which confront homeless families on a day-to-day basis. We also regularly provide back-up support and assistance to advocates throughout New York as well in other parts of the country.

DIMENSIONS OF THE PROBLEM

Some 5,100 families -- including more than 12,500 children -- are now receiving emergency housing in this City each night. The vast majority of these families became homeless as a result of circumstances beyond their control. They have lost their permanent housing because of fires or vacate orders placed

because of dangerous housing conditions. Others had to leave their housing because of deteriorating conditions or because they had been living in overcrowded and unhealthy conditions, doubled-up with relatives or friends in inadequate permanent housing. Some are battered women or children. Some are families who have lost their housing because employment was lost or public assistance benefits were erroneously terminated or a wage earner deserted the family. Still others have lost their apartments or have never been able to afford apartments of their own because rents are higher than the monthly public assistance grant for shelter that is provided in New York City. Indeed, the monthly public assistance shelter grant for a family of four is a mere $312.00.

Despite the issuance of Court orders in our litigation and the issuance of State regulations, the day-to-day existence of homeless families and their children continues to be as brutal as that experienced by the original families who sought our assistance four and a half years ago.

CONDITIONS IN THE "WELFARE HOTELS"

Media accounts detail the fact that children and families continue to be placed in transient "welfare" hotels under conditions which are utterly shocking. Without actually seeing the conditions, it is difficult to comprehend that families with children in 1988 in the United States are living amidst such filth and squalor. Conditions in these hotels are reminiscent --

perhaps even worse -- than slum conditions described by Charles Dickens and later by Upton Sinclair. Health risks are as great as or even worse than those found in many developing nations. Despite the clear requirements of State law, families are regularly placed in emergency housing in hotel rooms with inadequate heat and hot water; bathrooms that lack privacy and are frequently inoperable; single rooms with one or two beds, even for families with several children; filthy, vermin-infested mattresses; no pillows, sheets, blankets, or towels; no cribs for infants; windows without guards; and doors with broken locks. These hotels offer little security, and children placed in them are regularly exposed to drug traffic, prostitution, and violent crime. Families often report that their children must urinate in tin cans during the night because parents are fearful of going out of their hotel rooms at night to use "public" bathrooms in the hallways. Other families recount stories of children having to use hallway bathrooms where the walls are bespattered with blood. Drug paraphernalia of transients using these hotels is often strewn about in both bathrooms and "public" hallways.

The Terminal Hotel in Manhattan is a prime example of the appalling conditions under which homeless children and their parents are living. Despite State regulatory requirements, families are placed in rooms without bathrooms, and parents and children - including fathers and daughters, and mothers and sons - are left to share 8' x 10' rooms without basic furniture necessary for daily living. Children have no place to do

schoolwork. Food is stored in bags suspended from the ceiling to keep mice from eating it. There are no cooking facilities. Chipping, peeling and exposed paint throughout the hotel contains lead in concentrations as much as ten times the level permitted by law.

At other hotels, such as the Turf Motel in Queens, families are placed for only one or two nights at a time -- forcing them to spend all day at their welfare centers, all night at an all-night welfare office to wait for a one-night hotel placement in the early morning hours, and then to repeat that daily process over a period of weeks or even months. Under such circumstances, the education of children, health care and any semblance of normal family life are completely disrupted.

In the face of such conditions, it is no surprise that the City Department of Health has concluded that between 1982 and 1984 the infant mortality rate in New York City's "welfare hotels" surpassed not only the rates of the City's poorest neighborhoods, but even those of some poor, developing nations. (See The New York Times, June 10, 1986, at B3, col.1.)

The cost of placing families in such inadequate and unlawful conditions is as shocking as the conditions themselves. According to the Mayor's Advisory Task Force Report on the Homeless, the typical costs of housing a family of four in a welfare hotel are $69.21 per day, or $25,261.00 per year. Overall, nightly rental rates range from $53.00 to more than $100.00. At the Jamaica Arms, for example, the nightly rental

rate for families of four is $68.00; rates for families of five and six are $85.00 and $102.00, respectively. Monthly rental rates for such inadequate conditions at "welfare hotels" can be as much as $3,000.00 for each family. President Reagan, for example, has noted that the annual costs of providing emergency housing in a "welfare" hotel for a family can be $37,000.00.

CONDITIONS IN THE MASS SHELTERS

And yet, the alternative to the "welfare" hotel system which has been utilized in New York City over the past three years -- the use of institutional shelters for homeless families and their children, including families containing pregnant women and newborns, sick children and adults and persons with psychiatric problems -- is even more expensive and exposes children and their families to even more deplorable conditions. Inspections of these shelters evoke visions of Calcutta or worse.

In mass shelters such as Forbell in Brooklyn and Motthaven in the Bronx, the City pays approximately $110.00 for a family of four, for shelter each night. Even after controlling for daily costs of approximately $7.40 per person for the provision of meals, mass shelters remain substantially more costly than the "welfare" hotels. At the Catherine Street institutional shelter, the City pays at least $53,000.00 per year to shelter each family.

At institutional shelters, men, women and children, including young children and opposite sex teenagers, live and

sleep in open rooms. There are no partitions between family sleeping areas. There is absolutely no privacy, and not even a minimal attempt is made to provide it. Adequate supervision and protection of the younger children is impossible, and a number of families have brought to our attention instances of sexual approaches being made to young children in the facility. Sleep is difficult, if not impossible, with the cries of infants continuing through the night. Diarrhea, rashes and colds are the norm, and there is no adequate screening system to protect against disease. Indeed, quarantines at the City's five barracks-style shelters because of outbreaks of measles and chicken pox are regular occurrences.

Families live under these circumstances for weeks, and often months, at a time. Medical experts have confirmed that such placements increase the likelihood of the spread of disease and pose both immediate and long term threats to the structure of the family and to the psychological well-being of both the adults and children.

THE NEED FOR PERMANENT HOUSING

Against this bleak background, the provision of affordable permanent housing is obviously the ultimate solution to meet the needs of homeless children and their families. Unfortunately, cutbacks in recent years in federal funding for low income housing have been a critical contributing factor to increases in the number of families who are homeless in New York City and

elsewhere in the country. In New York City, for example, the number of families in the City's emergency housing system has steadily grown over the past few years largely because families are remaining in the system for longer periods of time because they are unable to locate permanent housing. The average length of stay in the emergency housing system is now twelve and one-half months. As illustrated by the experiences of the Gonzalez family, even families with Section 8 certificates are unable to find rental housing at the fair market rate. Families on public assistance without Section 8 certificates are likewise unable to find housing within the welfare rent allowance level. Even after an increase which took effect on January 1, 1988, the rent allowance for a family of four in New York City is still only $312.00 per month. A voucher system which relies on families using part of their monthly food allowance to pay for rent in excess of the voucher level forces families to make a choice each month between feeding their children and paying the rent.

Under these circumstantes, increases in the number of homeless families are inevitable. Federal funds are urgently needed for the development of permanent low income housing either through new construction or rehabilitation. Without such a commitment of federal monies, more and more families who are now doubled up and priced out of the housing market will, like the Lugos, be forced to enter the City homeless system and be left to lanquish there for increasingly longer periods of time at great

public expense. The ultimate social costs resulting from a generation of children who grow up living in squalid hotels and shelters -- with the inevitable disruption of education resulting from such circumstances -- are likely to exceed the cost of appropriateing federal funds to begin to stem the rising tide of homelessness in New York City and across the country. Indeed, children from families consigned to living in hotels and shelters, who often have had no prior history of anti-social behavior, are becoming increasingly caught up in the criminal and juvenile justice systems.

In closing, we welcome this inquiry into the problems of homeless children and their families. Perhaps as a result of these hearings and the recommendations that will result from them, children and their families will no longer be left to live for indefinite periods of unhealthy, dehumanizing and costly institutional-style shelters, or in squalid hotel rooms which do not co mply with minimum standards established by law.

Thank you for this opportunity to present our views on this most tragic problem.

Submitted by

Steven Banks
Staff Attorney
Homeless Family Rights Project
The Legal Aid Society
11 Park Place, Room 1807
New York, New York 10007

PREPARED STATEMENT OF ANDREW CUOMO

Testimony Before Congressman Schumer

I would like to begin by thanking Congressman Schumer and this panel for inviting me here today. I would also like to congratulate Congressman Schumer on his commitment to and achievements in the area of housing and also for today's hearings, which serve many worthwhile purposes, but in particular, go a long way towards clarifying the dimensions and parameters of the homeless crisis.

Despite extensive media coverage for an extended period of time, I believe the public has a basic misperception as to the type of population we are currently trying to help. As we have seen and heard here today, the problem of the homeless is not generally that of the stereotypical bag lady or street person.

Contrary to popular perception, 66% of New York State's homeless are members of families, nearly 50% are children under twelve years, while only about one third of the total population are singles - people who we often see on street corners or in doorways - but who have come to typify the problem. These people

are most often victims of Government's failed policies of deinstitutionalization and as such, present significant but very different problems than the majority of the homeless.

Indeed, the use of the term "homeless" has become overbroadand now includes people who are not only victims of deinstitutionalization, but also alcohol and drug abusers, battered women, runaways, as well as one-time middle income families who have lost their homes through no fault of their own. Each group must be understood individually if we are to address their needs.

About two years ago, I formed and now serve as President of HELP, a not-for-profit corporation organized for the purpose of providing better services for the homeless at less cost to the taxpayer. The corporation was specifically formed to better utilize the vast dollars Government currently spends for the misery provided by welfare hotels.

HELP had two founding premises: First, that the public and private sectors must work together to effectively alleviate this crisis, and secondly, that we can no longer warehouse

homeless families in welfare hotels and hope that by some divine intervention, they will find their way back into mainstream society.

HELP recognizes that a family needs more than an 8 X 12 hotel room which strips them of their dignity and hope during the most critical period in their lives. They need social service assistance such as day care, apartment-finding assistance, and counselling, which gives them both the practical and moral support they need to put their lives back together.

Experience has shown that when a family is provided with these services, the average length of stay is approximately seven months, as compared to the average length of stay in a hotel of approximately twice that - fifteen months. This not only decreases the hardship on the homeless but also the burden on the taxpayer.

Within the HELP partnership, the private sector builds, owns, and operates the facility, while Government provides the land and financing. Using this approach, I am pleased and proud to be able to say that HELP will be providing better services to

literally thousands and thousands of homeless people, while at the same time saving the taxpayers millions and millions of dollars.

HELP has constructed HELP I in the East New York section of Brooklyn, which is a 108,000 square foot, 200-unit facility, which will house 800 people. HELP is also working with Westchester County to build 258 units and is working with Albany County to build a 24-unit facility.

Significantly, the HELP development team, which was lead by Tishman Speyer and Drexel Burnham Lambert all participated in the project either pro bono or at cost, which allowed us to build the HELP I facility valued at $21 million for only $14 million.

In this partnership, New York State, through the New York State Housing Finance Agency, provided HELP with use of its tax-exempt bond financing capacity. This allowed us to acquire construction and permanent financing at a very low cost of approximately 5.9% percent. This is also at no cost to the State of New York, as HELP is directly responsible for the principal and interest payments to the bondholders.

New York City, through the creativity, leadership and personal commitment of Mayor Koch, provided HELP with the land at no cost, and - with the approval of the Board of Estimate - executed a ten-year contract with HELP, whereby HELP will provide services to homeless families which are referred by New York City. This ten-year contract serves as the underlying security for the bond issue, which received the highest rating from Moody's - a Triple A.

Most importantly, utilizing the financing mechanism I just described and the private sector's expertise and pro bono assistance, we will operate the HELP I facility at a cost to Government well within that currently spent on welfare hotels. However, within that funding level, HELP provides better housing, on-site social services, and is also paying the debt service on the bonds - essentially the mortgage - which once retired, will also inure to the City.

As an added benefit, after ten years of operation as a homeless facility, HELP will turn over the fully-constructed facility to the City at no cost and free and clear of any debt

whatsoever. The City can continue to use the housing stock as a homeless facility or choose to use it for permanent housing in its discretion.

We believe this approach satisfies two needs: the immediate need for cost-effective and humane transitional housing, and the ultimate need of permanent housing.

We believe, at the same time, that it defies all reason for Government to be spending millions of dollars on hotels and motels that do nothing to add to the housing stock, let alone afford decent accommodations.

The Federal Government, however, specifically disallows use of the monies that support homeless shelter to include any construction or capital cost whatsoever. The Social Security Act and AFDC funding streams actually encourage the use of welfare hotels and discourage any programs which, as an added benefit to homeless care, provide any construction or permanent housing. This system simply defies logic.

We believe that if an organization can provide services for the homeless and at the same time pay a capital cost for the same rate that Government is spending to provide the homeless with a hotel room, they should be allowed, and indeed encouraged, to do so.

To that end, you have before you today HELP's proposal for legislative change to the Social Security Act, which would allow a not-for-profit organization to use the AFDC funding stream to pay capital construction costs, if and only if, the capital costs, together with any other project costs, were less than or equal to the amount Government was spending to rent shelter on a day-to-day basis in a motel or hotel.

We also believe that the Federal Government should follow the lead of New York City and New York State and work with such not-for-profit organizations, whose efforts and expertise better serve the homeless and the taxpayer.

Thank you again for the opportunity to appear before you this morning. If you have any questions, I would be pleased to respond.

PROPOSED CHANGES TO THE SOCIAL SECURITY ACT

TO BETTER PROVIDE FOR THE CARE OF HOMELESS FAMILIES

Introduction

The long term solution to homelessness can only be found in a comprehensive federal low income housing program. As an interim measure, however, existing revenue streams for housing for the homeless must be used more efficiently to create a cost-effective and humane alternative to the current costly and sub-standard shelter options.

It is unthinkable that the federal government would willingly prohibit construction and renovation of safe and decent homeless housing and instead permit, and indeed promote, welfare hotels to collect unconscionable sums for providing deplorable conditions to the homeless poor, but this seems to be the position of the current Administration.

Congress must act swiftly and amend Title IV of the Social Security Act and allow states and communities to humanely and cost effectively house their homeless. The inititative outlined below is an important step the Congress can take toward meeting the challenge of providing better services for the homeless at less cost to the taxpayer.

Proposed Changes in Federal Legislation

A. Purpose: To provide federal statutory support for payment of capital costs under the aid to Families with Dependent Children (AFDC) program for

the development of temporary housing which could later be used as a permanent housing stock. The intent of this initiative is to alleviate the current failure of the AFDC program, which provides shelter largely through rentals, to secure decent and cost effective housing units for the public assistance caseload. It is also intended to reduce the reliance by local social services districts, particularly New York City, upon "welfare hotels" as a means of sheltering homeless families by allowing qualified organizations to construct or rehabilitate permanent housing facilities.

B. Summary of Provisions: The proposal adds a new paragraph (40) to Section 402(a) of the Social Security Act (42 USC 602[a]). Section 402(a) sets forth a list of mandatory and optional provisions for state AFDC plans. The new paragraph would give states optional authority to make AFDC payments for capital expenditures for temporary and permanent housing for homeless persons and persons at risk of becoming homeless.

Such payments would be limited however by two important restrictions. First, program applicants must be tax exempt charitable organizations as defined in Section 501(c) of the Internal Revenue Code and secondly the payments would be limited by regulation to an amount comparable to that expended on similar available rental units. Regulations would also provide that the applicant would have to demonstrate the cost savings of the capital expenditures over a ten year period compared to similar available housing (such as hotel/motel) over that same period.

C. Existing Law: Section 403 of the Social Security Action (42 USC 603) provides for federal reimbursement for costs incurred by states in

accordance with their state AFDC plans, approved under Section 402 of the Act. The rate of federal financial participation for approved expenditures varies by state from fifty percent to seventy-five percent. State participation makes up the balance.

Section 1119 of the Social Security Act (42 US 1319) limits federal participation in state payments for repairs to a home owned by an AFDC recipient to one half of a one-time payment of up to $500 (and only if the home is so defective that it is uninhabitable and the cost of rent as an alternative would be greater). Because Congress made specific and limited provision for capital expenditures in Section 1119, the Department of Health and Human Services (DHHS) has asserted informally that all other capital expenditures are prohibited under the AFDC program.

D. Statement in Support: From both a financial and humanitarian perspective, it is senseless to maintain homeless welfare families in welfare hotels for extended periods of time, when the costs incurred could be applied at a comparable level to new units of housing. The average cost of maintenance of a homeless family of four in a welfare hotel over a period of 13 months (the average stay) is $25,000. The conditions in many of these hotels are abominable, and the long-term injury to children raised in these conditions is incalculable. If AFDC funds could be granted to non-profit organizations to construct or rehabilitate both temporary and permanent housing to be used for homeless families, there would be an immediate and direct savings, both in money and human suffering.

Other positive aspects of this proposal include the express granting of broad discretion to both the federal regulatory authority (DHHS) as well as to the states in determining the operational aspects of this program. Such discretion, coupled with open ended funding, will ensure that states may utilize this provision in a manner that best fits their particular need.

In addition, by limiting applicants to this program to not-for-profit corporations (I.R.C. 501(c)(3));

a) governmental entities would not be utilizing the funding stream to construct or rehabilitate housing units, and

b) profit-motivated corporations (i.e., welfare hotel owners) would be similarly excluded, thus eliminating the profit margin paid under AFDC.

Another major benefit of this proposal concerns the creation of a state option to participate. This option may attract support from states who although not faced with a major homeless problem, are either sympathetic to those with such problem, or anticipate the possibility of having to deal with homelessness in the future.

E. Proposed Language: Section 402(a) of the Social Security Act is amended to add a new paragraph (40), to read as follows:

> at the option of the State, provide — that payments may be made with respect to capital expenditures incurred by organizations described in section 501(c)(3) of the Internal Revenue Code of 1954 for temporary and permanent housing for persons who are homeless or at risk of becoming homeless —

(A) without regard to any limitations in section 1119;

(B) subject to such limitations as the State may determine;

(C) with respect only to expenditures which, under generally accepted accounting principles, are not properly chargeable as an expense of operation and maintenance, including the cost of any studies, surveys, designs, plans, working drawings, specifications and other activities essential to the acquisition, improvement, expansion or replacement of any plant or equipment subject to this paragraph; and

(D) subject to such requirements as the Secretary may prescribe which will ensure that any capital improvements subject to this paragraph are utilized substantially for the benefit of needy families with dependent children;

(E) subject to a determination by the State that the specific facility is needed to meet present or projected housing needs.

PREPARED STATEMENT OF SYDELLE KNEPPER

Congressman Schumer and the distinguished members of the Committee, colleagues and the public, I am pleased to address this Committee and to try to add some insights to the relationship between homelessness and the dearth of low income housing programs.

I spent almost a decade in public service at the City, State and Federal levels of government culminating in a position as Assistant State Commissioner for Housing Development and Policy. In that capacity, I was responsible for the production of all State loan, subsidy and grant programs for housing including those with tax-exempt financing and Section 8 subsidies. I also represented the Department in its negotiations with H.U.D., and in the development of new legislative and policy initiatives.

During the end of the 1970s, and starting with the time of New York's recovery from the fiscal crisis, the Federal government allocated millions of dollars for housing production programs and for community development related activities. These programs were critical in that they allowed New York to target funds to neighborhoods with widespread abandonment, and to so-called transitional areas where new investment could act as a catalyst for further development. While the cost of programs like Section 8 has been widely criticized, the program was, fundamentally, a resounding success for three major reasons.

First, it recognized the fact that 25%-30% of a very poor family's income is insufficient to carry even the basic maintenance of a residential building, much less the debt service on a building loan. Second, the program was geared to the fact that the housing industry in a market economy flourishes when risk

is diminished, the requirement for up-front dollars is minimized, when building loans are guaranteed through mortgage insurance, and operating funds are secured through rental subsidies. Under these circumstances, it became good social policy, and very profitable, to produce low-income housing. Finally, the federal government, in its low income housing programs, created a process for production which was clearly defined, had written rules and regulations, and steps which led from the initial undertaking to the successful conclusion. The presence of a well-thought out process is critical for housing production. Since most projects take approximately 2-21/2 years from inception through construction, it is imperative that any developer embarking on the process know that if she/he reaches a certain point, their project will become reality.

During the 1980s, the federal government withdrew from the funding of housing production programs and virtually dismantled the mechanisms and process for the creation of housing. The use of tax-exempt financing for construction and permanent mortgages became very difficult. Rental operating subsidies, fixed to the building, which guaranteed a steady cash flow to the owner, were rejected in favor of a housing voucher program. The underlying notion for this program was that the poor family would now have the freedom to rent an apartment anywhere and to pay the difference in rent from their own pocket. This freedom, of course, ignores the fact that a family earning $18,000.00 per annum cannot pay 50%-75% of its income for rent, and still survive.

In New York City, during this decade, the financial recovery, the boom on Wall Street, and the increase in service industry jobs, fueled the production of homes for higher-income families. Some previously so-called transitional neighborhoods grew to the point where there was no need for

rental subsidies for the new residents who could afford higher market rents. Thus, newly rehabilitated housing in these areas became housing for higher income families rather than low and moderate income persons. As my 1985 study with Carol Felstein of Housing Production and Housing Need in New York City illustrated, this is a city with a majority of moderate and low income families. Without production of new housing and the upgrading of existing buildings, with increased demolition of old, tenement stock, and without sufficient rental subsidies, the lowest income families dependent on welfare shelter allowances and S.S.I. payments have very little choice of residence. Many of these families, faced with a panoply of other problems, do not have the time, energy, and sophistication necessary to determine their eligibility for programs which could give them further living allowances. Where then, in a city of diminishing affordable housing stock, do the poor live? While there is an ongoing debate as to the exact number of thousands of families who are living doubled-up, we do know that the Housing Authority waiting list for apartments has increased from 100,000 to 130,000 families during this decade. The street is a place of last resort, as are the welfare hotels and the shelters. Many persons and families who wind up in these places are troubled and their problems will not be resolved by having a place to live. However, if there was housing for these families and individuals, we would be removing a major burden of existence from them, and perhaps allowing them to try and focus on the other aspects of their lives. In New York City, the children of the homeless do not attend school on a regular basis. As a society, aren't we breeding in these children despair and hopelessness at an early age?

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The present programs available for housing the homeless have serious structural shortcomings. Using the model of the federal housing programs of the 1970s, we can view the major gaps. First, operating subsidies cast in the form of allowances per person may only be used for transitional housing; that is, housing for stays of less than one year. After this time, permanent housing for these individuals and families must be found. At that point, the allowance shrinks to the welfare shelter and S.S.I. levels- insufficient for most rentals in New York. Second, because of the nature of transitional housing funds, lending institutions will not float long-term loans to private developers for acquisition and renovation of buildings for transitional housing. Yet, developers will not take the risk to renovate these buildings without the guarantee of long-term leases sufficient to pay back construction loans and provide adequate profit.

In New York City, the production of housing for the homeless has been left to the not-for-profit sector. These social service, religious, and other organizations, and I work with many of them, did not choose to be housing developers. The process, requiring City, State and Federal funds, takes an enormous effort, requires day-to-day involvement of hard-pressed staff, and each project must be individually designed for financial feasibility. Without the help of dedicated persons in the not-for-profit sector, and the City and State agencies, it is doubtful that many of these projects would ever move forward. The goal for many not-for-profit organizations is not in financing and developing a building. Rather, it is in the provision of social and related services to families and individuals in need. Though the not-for-profit sector in New York City has responded admirably to the challenge of the homeless, to produce the thousands of homes for the homeless and the low and moderate income families requires the involvement of the private, for profit sector in doing what they do best- constructing

housing.

What kinds of programs should be models for today? If transitional funds could be pledged on a long term basis, or guaranteed, developers could acquire and renovate existing buildings for lease to not-for-profit organizations. This could substantially reduce the timeframe for production of such housing. Cost savings could be further provided through the use of city-owned buildings and federal mortgage insurance.

In terms of housing production for low and moderate income families, the already in place federal Housing Development Assistance Grant program (HoDAG) has all of the features necessary for a successful production program. It is flexible in its financing requirements and provides a deep enough grant to offset the total development cost of a project to produce affordable units. Coupled with city and state grant funds, tax exempt Section 11B financing, and FHA mortgage insurance, we can produce housing for low income families. However, the current federal Administration has done everything possible to make this program not work. It usually announces the availability of funds about one month before applications are due. Thus, in order for localities to be approved for federal funding, projects are submitted which on paper appear to be substantially further along than they actually are. The differences between the F.H.A. regulations, and those of the HoDAG program, though administered by the same agency, have conflicts. Allowable F.H.A costs are not always eligible for HoDAG reimbursement, and cost savings sometimes result in grant cutbacks. Finally, the level of funding for this program is so low that most localities will not receive funds for a project in a given year's submission. Yet, if funded to the levels of the 1970s housing programs, the

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Housing Development Assistance Grant program could be successfully used as a major housing production program.

I would like to close with one personal story. A decade ago I travelled to Istanbul and there, for the first time, saw families sleeping on the streets and in the parks. It's an image of the failings of a society which one does not easily forget. How frightening to see it repeated in this country.

PREPARED STATEMENT OF EDWARD I. KOCH

THANK YOU MR. CHAIRMAN AND MEMBERS OF THE TASK FORCE FOR INVITING ME TO SPEAK ABOUT THE RELATIONSHIP BETWEEN OUR NATION'S HOUSING POLICY AND THE PROBLEM OF HOMELESSNESS. I AM HERE TODAY REPRESENTING NOT ONLY NEW YORK CITY BUT ALSO THE U.S. CONFERENCE OF MAYORS.

I HAVE WITH ME TODAY TWO OF MY COMMISSIONERS - - BILL GRINKER, THE COMMISSIONER OF THE CITY'S HUMAN RESOURCES ADMINISTRATION AND ABE BIDERMAN, WHO JUST THIS PAST WEEK HAS ASSUMED THE POSITION OF COMMISSIONER OF OUR DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT.

I'D LIKE TO PREFACE MY REMARKS BY RESTATING SOMETHING THAT I BELIEVE IS RATHER OBVIOUS - - THAT HOMELESSNESS AND THE LACK OF AFFORDABLE HOUSING ARE NOT JUST NEW YORK CITY ISSUES, THEY ARE NATIONAL ISSUES.

WITH THAT IN MIND, DOESN'T IT STRIKE YOU AS QUITE ODD THAT IN THE DOZENS OF PRESIDENTIAL FORUMS TO WHICH WE HAVE BEEN SUBJECTED, WE HAVE HEARD NOTHING BUT VAGUE GENERALITIES FROM OUR WOULD-BE WHITE HOUSE OCCUPANTS ABOUT HOW THESE NATIONAL DILEMMAS ARE TO BE SOLVED? WHERE ARE THE CANDIDATES WITH THEIR "NEW IDEAS"? I HAVEN'T HEARD A SINGLE ONE COMMIT TO A RENEWAL OF THE FEDERAL/LOCAL HOUSING PARTNERSHIP THAT HAS BEEN DISMANTLED OVER THE LAST SEVEN YEARS. WHERE ARE OUR HEROES ??? WILL NO ONE OTHER THAN THE

LOCAL GOVERNMENTS WHO ARE ON THE FRONT LINES EACH DAY CHAMPION THE CAUSE OF THE HOMELESS?

LET ME CONTINUE. THE REASON I HAVE THESE TWO GENTLEMEN WITH ME TODAY IS BECAUSE THE PROBLEM OF HOMELESSNESS IS A MULTI-FACETED ONE, - - NOT ONE SOLVED SIMPLY BY PUTTING A ROOF OVER ONE'S HEAD. TRUE, THAT IS ONE FACTOR, BUT MANY OF OUR HOMELESS POPULATION ARE FACED WITH MULTIPLE PROBLEMS THAT REQUIRE MULTIPLE SERVICES. OUR SYSTEM OF SERVICES FOR THE HOMELESS IS ALSO MULTI-FACETED AND TRIES TO FOCUS ON THEIR MANY NEEDS BY PAYING SPECIAL ATTENTION TO THE FOLLOWING AREAS:

- THE PREVENTION OF HOMELESSNESS WHENEVER POSSIBLE
- THE PROVISION OF BASIC NEEDS SUCH AS FOOD, SHELTER AND MEDICAL SERVICES
- SPECIAL SERVICES TO HELP CHILDREN
- SUPPORTED SERVICES TO HELP FAMILIES MOVE MORE QUICKLY FROM SHELTERS INTO STABLE ENVIRONMENTS
- THE PRODUCTION OF AFFORDABLE PERMANENT HOUSING

I DO NOT PLAN TO GO INTO DETAIL ABOUT WHAT WE ARE DOING IN THESE AREAS, I WILL LEAVE THAT FOR COMMISSIONERS GRINKER AND BIDERMAN SHOULD YOU WISH TO ASK THEM, BUT I DO WISH TO PROVIDE YOU WITH A BRIEF BACKGROUND OF OUR HOMELESS DILEMMA.

IN NEW YORK CITY WE PROVIDE SHELTER TO APPROXIMATELY 28,000 PEOPLE EACH DAY. NEARLY 11,000 ARE SINGLE ADULTS, AND THE REMAINING 17,000 COMPRISE 5,100 FAMILIES. THESE

FAMILIES INCLUDE OVER 12,000 CHILDREN WITH 5,400 OF THEM UNDER THE AGE OF SIX.

THESE NUMBERS REPRESENT DRAMATIC GROWTH - - OVER 300 PERCENT - - IN HOMELESS FAMILIES SINCE 1983 WHEN WE SHELTERED 1,500 FAMILIES. ACCORDING TO A RECENTLY PUBLISHED SURVEY OF 26 MAJOR U.S. CITIES BY THE CONFERENCE OF MAYORS, NEW YORK CITY IS FAR FROM ALONE ON THIS FRONT. IN 25 OF THOSE CITIES, THE DEMAND FOR EMERGENCY SHELTER INCREASED BY AN AVERAGE OF 21% DURING 1987 ALONE.

IN NEW YORK CITY'S SHELTERS WE SCREEN THESE FAMILIES FOR COMMUNICABLE DISEASES, TEND TO THEIR SPECIAL MEDICAL NEEDS, PROVIDE THEM WITH 3 MEALS A DAY AND OFFER CHILD CARE, NUTRITION COUNSELING, EDUCATION PROGRAMS, JOB TRAINING, AND REFERRALS TO PERMANENT HOUSING. WE MAKE AVAILABLE RECREATION FOR YOUNG CHILDREN AND TEENS, INTENSIVE SOCIAL SERVICES AND ON-SITE CASEWORKERS.

UNFORTUNATELY, BECAUSE WE LACK SUITABLE ALTERNATIVES, WE HAVE BEEN FORCED TO HOUSE THE MAJORITY OF THESE FAMILIES IN THE MOST READILY AVAILABLE FACILITIES - - HOTELS. THE AVERAGE COST OF PUTTING UP A FAMILY OF FOUR IN THESE HOTELS IS $65 PER NIGHT. WE WOULD MUCH RATHER SPEND THIS MONEY ON BUILDING PERMANENT HOUSING, BUT THE FEDERAL GOVERNMENT PREVENTS US FROM DOING SO.

TO ADD INSULT TO THIS INJURY, FEDERAL REGULATIONS ISSUED IN DECEMBER BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES WOULD EVEN DENY THE USE OF FEDERAL AFDC-EMERGENCY

ASSISTANCE AND SPECIAL NEEDS FUNDS FOR HOMELESS FAMILIES IN HOTELS AND OTHER TRANSITIONAL SHELTERS.

HOWEVER, DUE TO YOUR EFFORTS, CONGRESSMAN SCHUMER, AND THOSE OF CONGRESSMEN RANGEL, DOWNEY AND WEISS AND SENATOR MOYNIHAN, LANGUAGE WAS PLACED IN THE RECONCILIATION BILL WHICH WILL FORESTALL THESE REGULATIONS. YOU AND YOUR COLLEAGUES DESERVE OUR GRATITUDE.

NEVERTHELESS, WE ARE DOING WHATEVER WE CAN TO REDUCE OUR RELIANCE ON HOTELS. WE HAVE OPENED 28 TRANSITIONAL SHELTERS FOR FAMILIES WHICH OFFER A HIGHER QUALITY LIVING ENVIRONMENT. WE ARE PLANNING TO OPEN AN ADDITIONAL 17 IN THE NEAR FUTURE. THESE TRANSITIONAL SHELTERS HAVE ALLOWED US TO REDUCE OUR HOTEL POPULATION FROM A HIGH OF OVER 80% OF HOMELESS FAMILIES IN EARLY 1986 TO APPROXIMATELY 68% TODAY.

IN ADDITION, WE ANNOUNCED JUST THIS PAST TUESDAY, A FIVE YEAR PLAN TO GET HOMELESS FAMILIES AND INDIVIDUALS OUT OF HOTELS MORE QUICKLY AND HELP THEM RETAIN NEW HOUSING. COMBINED WITH OUR EFFORTS ON TRANSITIONAL SHELTERS, WE HOPE TO ELIMINATE THE NEED TO USE HOTELS BY 1992.

THIS BRINGS ME TO A QUESTION THAT HAS BEEN POSED TO ME MANY TIMES BY THE PRESS, THE PUBLIC AND OTHER POLITICIANS. "WHY CAN'T THE CITY RENOVATE PERMANENT APARTMENTS FOR THE HOMELESS RATHER THAN USE HOTELS?" THE ANSWER IS SIMPLE, WE ALREADY DO. SINCE FISCAL YEAR 1984, WE HAVE RENOVATED MORE THAN 12,000 SUCH UNITS IN VACANT, CITY OWNED BUILDINGS AND WE PLAN TO PRODUCE 4,000 ADDITIONAL UNITS IN EACH OF THE

NEXT EIGHT FISCAL YEARS.

RECENTLY, NEW YORK CITY HAS COMMITTED $4.2 BILLION TO A TEN YEAR PROGRAM TO CREATE, REHABILITATE AND PRESERVE ADDITIONAL HOUSING FOR LOW AND MODERATE INCOME PEOPLE IN THE CITY. THIS UNPRECEDENTED COMMITMENT WILL HELP TO MOVE THOUSANDS MORE HOMELESS AND NEAR HOMELESS FAMILIES INTO PERMANENT HOUSING.

IN FACT, WE RUN THE SECOND LARGEST LOW INCOME HOUSING PROGRAM IN THE COUNTRY, SECOND ONLY TO THE NEW YORK CITY HOUSING AUTHORITY. AS SUCH, WE SUBSIDIZE THE RENTS OF SOME 200,000 PEOPLE IN OVER 52,000 UNITS OF OCCUPIED IN-REM HOUSING TAKEN BY THE CITY THROUGH TAX FORECLOSURE. BUT FOR OUR EFFORTS TO STABILIZE THESE BUILDINGS BY PROVIDING BASIC SERVICES, MANY OF THEM WOULD HAVE BEEN ABANDONED, ADDING TO THE HOMELESS PROBLEM.

THE LONG TERM SOLUTION TO THE HOMELESS EMERGENCY LIES IN THE FURTHER DEVELOPMENT OF PERMANENT AFFORDABLE HOUSING. - - BUT WE IN THE NATION'S CITIES NEED HELP.

AS WE ALL KNOW, THERE ARE MANY CAUSES OF HOMELESSNESS. SOME BLAME THE ECONOMY, SOME BLAME DEINSTITUTIONALIZATION, SOME BLAME UNCARING LANDLORDS. THEY ARE ALL RIGHT. BUT AT THE MOMENT, THESE REASONS PALE IN LIGHT OF THE ABDICATION OF THE FEDERAL GOVERNMENT IN THE AREA OF HOUSING. THE PARTNERSHIP IT FORGED IN THE 1930'S WITH STATE AND LOCAL GOVERNMENTS, TO WHICH I REFERRED EARLIER IN MY REMARKS, HAS BEEN VIRTUALLY TERMINATED.

FEDERAL HOUSING PROGRAMS HAVE BEEN CUT BY 70% SINCE 1980. THIS IS MADE WORSE BY CHANGES IN TAX LAW WHICH HAVE

DISCOURAGED PRIVATE SECTOR INVOLVEMENT IN LOW AND MODERATE INCOME HOUSING CONSTRUCTION. IN ADDITION, WE ARE NOW FACED WITH THE FRIGHTENING PROSPECT OF LOSING MUCH OF THE FEDERALLY ASSISTED HOUSING WE ALREADY HAVE. FOR EXAMPLE, UNDER THE FEDERAL 236 AND 221(D)(3) PROGRAMS, 1.4 MILLION OF THE ALMOST 2 MILLION ASSISTED UNITS NATIONWIDE MAY BE ELIGIBLE FOR WITHDRAWAL FROM THE LOW-RENT SUPPLY BY THE YEAR 2005, THROUGH PRE-PAYMENT OF MORTGAGES OR EXERCISE OF OPT-OUT RIGHTS. CHARLIE RANGEL DESERVES CREDIT FOR HIS PROPOSAL TO ESTABLISH TAX INCENTIVES TO ENCOURAGE THESE OWNERS TO CONTINUE TO MAKE THESE UNITS AVAILABLE TO LOW INCOME RESIDENTS. HOWEVER, WE ALL KNOW THAT DESPITE THESE EFFORTS, MUCH MORE MUST BE DONE AT THE FEDERAL LEVEL.

YEAR AFTER YEAR, OUR CURRENT PRESIDENT HAS ACHIEVED SEVERE REDUCTIONS OR OUTRIGHT TERMINATIONS OF A FULL RANGE OF PROGRAMS DESIGNED TO MEET THE HOUSING, HEALTH, EDUCATION, EMPLOYMENT AND NUTRITIONAL NEEDS OF NEEDY AMERICANS.

PRESIDENT CARTER'S LAST BUDGET PROPOSAL, FOR EXAMPLE, CALLED FOR $33.5 BILLION IN BUDGET AUTHORITY FOR HOUSING PROGRAMS IN FEDERAL FISCAL YEAR 1981. CONGRESS AUTHORIZED $30.8 BILLION OF THAT AMOUNT. BY WAY OF CONTRAST, FOR FISCAL YEAR 1987, PRESIDENT REAGAN PROPOSED ONLY $2.3 BILLION. FORTUNATELY, CONGRESS IGNORED HIS PROPOSAL BY APPROPRIATING $7.8 BILLION IN 1987 FOR ASSISTED HOUSING.

NEW YORK CITY HAS BEEN PARTICULARLY HARD HIT BY THESE REDUCTIONS. IN FEDERAL FISCAL YEAR 1981, WE RECEIVED APPROXIMATELY $1.2 BILLION IN FEDERAL ASSISTANCE (NET NEW

BUDGET AUTHORITY) FOR THE PRODUCTION OF 6,613 ADDITIONAL UNITS OF LOW INCOME HOUSING, THROUGH PROGRAMS SUCH AS SECTION 8 AND SECTION 235. BY FISCAL YEAR 1987, HOWEVER, FEDERAL ASSISTANCE FOR PRODUCTION PROGRAMS PLUMETTED TO ONLY $240 MILLION FOR 1,208 UNITS.

THE CITY'S COMMUNITY DEVELOPMENT BLOCK GRANT ALLOCATION, USED TO SUPPORT OUR IN-REM HOUSING PROGRAM, WHICH IN TURN PROVIDES UNITS TO HOMELESS FAMILIES, HAS BEEN WHITTLED DOWN FROM $259 MILLION IN 1980 TO $177 MILLION IN 1987. TAKING INFLATION INTO ACCOUNT, THE IMPACT IS EVEN GREATER THAN THE NUMBERS INDICATE.

WHAT IS MORE DISCOURAGING IS THAT EVEN IN THE TWILIGHT OF HIS PRESIDENCY, MR. REAGAN IS CALLING FOR MORE CUTS. A JANUARY 8, 1988 WASHINGTON POST ARTICLE INDICATED THAT HIS BUDGET FOR THE NEXT FISCAL YEAR, DUE OUT SOMETIME NEXT MONTH, WILL CALL FOR AN ADDITIONAL 19 PERCENT REDUCTION IN SUBSIDIZED HOUSING PROGRAMS. IF HE ALSO GETS HIS WAY BY PREVENTING THE DISTRIBUTION OF FEDERAL RENTAL SUBSIDIES TO CITIES WHO HAVE A RENT CONTROL PROGRAM IN PLACE, NEW YORK CITY AND 200 OTHER COMMUNITIES ACROSS THE COUNTRY WITH SUCH PROGRAMS WOULD SUFFER EVEN MORE SEVERELY.

THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT HAS BEEN THE ONLY BRIGHT SPOT ON THIS OTHERWISE BLEAK HORIZON. CONGRESS DESERVES MUCH PRAISE FOR HAVING RECOGNIZED THAT THERE IS INDEED A FEDERAL ROLE IN HOUSING THE HOMELESS. WE INTEND TO PUT THE FUNDS IT WILL PROVIDE TO GOOD USE AND HAVE SUBMITTED APPLICATIONS FOR SEVERAL PROJECTS, SUCH AS:

- SMALL TRANSITIONAL LIVING FACILITIES TO MOVE MODERATELY MENTALLY ILL HOMELESS PEOPLE TOWARD INDEPENDENT LIVING
- THE REHABILITATION OF 381 SRO-TYPE UNITS FOR HOMELESS ADULTS
- A PSYCHIATRIC ASSESSMENT PROGRAM TO IDENTIFY AND DIVERT MENTALLY ILL WOMEN TO APPROPRIATE PROGRAMS

BUT ALAS, IT SEEMS WE CAN'T BE CERTAIN THAT THIS HELP WILL BE CONTINUED SINCE THE MCKINNEY ACT EXPIRES THIS YEAR AND MUST BE REAUTHORIZED. APPROPRIATIONS FOR TRANSITIONAL HOUSING UNDER THE ACT WERE GIVEN ONLY $65 MILLION IN THIS YEAR AS OPPOSED TO $ 80 MILLION LAST YEAR. THROUGH THE FEDERAL EMERGENCY MANAGEMENT ADMINISTRATION'S EMERGENCY FOOD AND SHELTER PROGRAM, WHICH INITIALLY WAS A PROMISING SOURCE OF FEDERAL ASSISTANCE, THE CITY HAS, SINCE 1983, RECEIVED ONLY $10 MILLION, THE MAJORITY OF WHICH HAS GONE TO NOT-FOR-PROFIT GROUPS WHO USE IT PRIMARILY FOR FOOD.

BY COMPARISON, NEW YORK CITY WILL SPEND $114 MILLION (50% CITY AND 50% STATE FUNDS) IN CITY FISCAL YEAR 1987 TO OPERATE SHELTERS FOR SINGLE HOMELESS AND $125 MILLION ($61 MILLION OF WHICH IS FEDERAL, $31 MILLION STATE AND $33 MILLION CITY FUNDS) ON HOMELESS FAMILIES.

TRUE, WE AS A NATION HAVE A DEFICIT CRISIS, BUT HOUSING HAS ALREADY TAKEN ITS SHARE OF HITS. MUST IT TAKE MORE?

MR. CHAIRMAN, IT IS NO COINCIDENCE THAT WE FIND OURSELVES IN THIS SITUATION. THE HOMELESS PLIGHT IS CAUSED

BY THE COMBINATION OF MANY FACTORS. THE SOLUTION MUST ALSO COME FROM A COMBINATION OF FACTORS. THE CORNERSTONE OF THAT SOLUTION MUST BE A RENEWED COMMITMENT ON THE PART OF THE FEDERAL GOVERNMENT TO BEAR ITS FAIR SHARE OF THE BURDEN AND LIVE UP TO ITS RESPONSIBILITIES TO ITS NEEDY.

I KNOW THAT THIS TASK FORCE IS KEENLY AWARE OF WHAT NEEDS TO BE DONE IN THE AREA OF FEDERAL SUPPORT FOR HOUSING. I WILL DO WHATEVER I CAN TO BE OF HELP TO YOU AND I HOPE THAT WE CAN PULL TOGETHER THE PIECES NEEDED TO MAKE HOMELESSNESS A PROBLEM OF THE PAST.

THANK YOU.

[Whereupon, at 2 p.m., the hearing was adjourned.]